NEW APPLICATION

SWIDLER BERLIN SHEREFF FRIEDM.

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WASHINGTON, DC 20007-5116
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RECEIVED ORIGINAL

2000 JUL 14 P 4: 29

NEW YORK OFFICE
405 LEXINGTON AVENUE
NEW YORK, NY 10174

AZ CORP COMMISSION
DOCUMENT CONTROL

July 13, 2000

VIA OVERNIGHT DELIVERY

Brian C. McNeil, Executive Secretary
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

DOCKET NO. T-03902A-00-0509

Re: Application and Petition of CenturyTel Solutions, LLC for a Certificate of Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Exchange Access Telecommunications Services in the State of Arizona

Dear Mr. McNeil:

Enclosed for filing are an original and eleven (11) copies of CenturyTel Solutions, LLC's Application and Petition for a Certificate of Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Exchange Access Telecommunications Services in the State of Arizona.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed stamped envelope provided. Should you have any questions regarding this filing, please do not hesitate to contact Vickie S. Byrd at (202) 295-8420.

Respectfully submitted,

Phyllis A. Whitten, Esq.

Counsel for CenturyTel Solutions, LLC

Enclosure

cc: Mike Czerwinski (CTS)
Susan Smith (CTS)
Vickie S. Byrd

NEW APPLICATION ORIGINAL ORIGINAL

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AZ CORP COMMISSION
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BEFORE THE
ARIZONA CORPORATION COMMISSION

In the Matter of	)	
	)	
APPLICATION AND PETITION OF **CenturyTel Solutions, LLC**	) DOCKET NO.	T-03902A-00-0509
	)	Docket No. ___________
For a Certificate of Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Exchange Access Telecommunications Telecommunications Services in Arizona	)	
	)	

APPLICATION AND PETITION OF CENTURYTEL SOLUTIONS, LLC

CenturyTel Solutions, LLC ("CTS" or "Applicant"), pursuant to Arizona Administrative Code ("A.A.C.") R14-2-1104 and R14-2-1105, hereby files this application for a Certificate of Convenience and Necessity ("CCN") to provide all forms of resold and facilities-based local exchange and exchange access telecommunications services throughout the State of Arizona. CTS also hereby petitions the Commission for a determination that its proposed services are competitive pursuant to the requirements of A.A.C. R14-2-1108. CTS' petition for competitive classification is attached hereto at Exhibit E.

CTS submits that its presence in the Arizona telecommunications marketplace will serve to enhance competition, leading to the benefits for Arizona consumers that have in the past resulted from increased competition in telecommunications markets, including an enhanced variety of choices, an increase in the availability of high quality service, heightened technological and service innovations, and increased competitive pressures on the rates charged for services. CTS respectfully submits that the grant of its request for a Certificate of Convenience and Necessity to provide resold and facilities-based local exchange and exchange access telecommunications services throughout the State of Arizona is consistent with the procompetitive purposes of the Commission's Order in Docket No. R-0000-94-424 (Decision No. 59124), as well as the purposes of the Federal Telecommunications Act of 1996.

In support of its request, Applicant submits the following information:

I. DESCRIPTION OF APPLICANT

1. Applicant's legal name is CenturyTel Solutions, LLC. Applicant maintains its principal place of business at:

CenturyTel Solutions, LLC
100 Century Park Drive
Monroe, LA 71203
Telephone: (318) 388-9000
Facsimile: (318) 388-9562

2. Correspondence or communications pertaining to this Application should be directed to Applicant's attorney of record:

Phyllis A. Whitten, Esq.
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, NW, Suite 300
Washington, D.C. 20007-5116
Telephone: (202) 424-7500
Facsimile: (202) 424-7643

with a copy to:

Susan W. Smith
Director - Government Relations
CenturyTel Wireless, Inc.
3505 Summerhill Road, #4
Texarkana, TX 75503
Telephone: (903) 792-3499
Facsimile: (903) 792-0283

3. Questions concerning the ongoing operations of Applicant following certification should be directed to:

Susan W. Smith
Director - Government Relations
CenturyTel Wireless, Inc.
3505 Summerhill Road, #4
Texarkana, TX 75503
Telephone: (903) 792-3499
Facsimile: (903) 792-0283

4. CTS does not currently have a business office in the State of Arizona. CTS' Arizona agent is:

CT Corporation System
3636 N. Central Avenue
Phoenix, AZ 85012

5. CTS is a limited liability company formed in the State of Louisiana on June 22, 1999. It is a direct, wholly-owned subsidiary of CenturyTel, Inc. ("CTI"), a corporation also organized under the laws of Louisiana and publicly traded on the New York Stock Exchange. CTS is authorized to transact business in Arizona as a foreign company. A copy of CTS' Articles of Organization and evidence of CTS' authority to transact business in Arizona are attached hereto as Exhibit A.

6. The names of the directors and officers of CTS are as follows:

Directors

Clarke M. Williams, Chairman
Glen F. Post
Harvey P. Perry

Officers

Glen F. Post III, President and Chief Executive Officer
Harvey P. Perry, Executive V.P. and Chief Administrative Officer
R. Stewart Ewing, Jr., Executive V.P. and Chief Financial Officer
Mike Czerwinski, Vice President - CLEC and Long Distance

All officers and directors may be reached at:

CenturyTel Solutions, LLC
100 Century Park Drive
Monroe, LA 71203
Telephone: (318) 388-9000
Facsimile: (318) 388-9562

II. TECHNICAL, MANAGERIAL, AND FINANCIAL QUALIFICATIONS

1. Technical and Managerial Capability. CTS is managerially and technically qualified to provide resold and facilities-based local exchange and exchange access telecommunications services within the State of Arizona. As a wholly-owned subsidiary of CTI, it shares the same management team and has access to the same technical resources as CTI. Thus, Applicant's managerial and technical ability to provide local exchange service in Arizona is evidenced by CTI's provision of a wide range of telecommunications services throughout the United States. A list of the FCC-regulated subsidiaries in which CTI holds a ten percent (10%) or greater interest is attached hereto as Exhibit B. Also attached hereto as Exhibit B are brief descriptions of the key personnel's experience in telecommunications as demonstration of the Applicant's technical and managerial qualifications to provide the requested services. CTS is in the process of seeking authorization to provide telecommunications services in other states, including Minnesota, Oregon, Tennessee, and Texas.

CTS has obtained authority to provide local exchange and exchange access telecommunications services in Arkansas, Colorado, Louisiana, Michigan, Mississippi, Washington, and Wisconsin. CTS has not been denied such authority in any jurisdiction.

2. Financial Resources. CTS possesses the financial qualifications required of applicants for the authority requested herein. Specifically, CTS has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Application. During an initial transition period, CTS will rely upon the sizable financial assets of CTI, its parent company, to ensure that it has sufficient capital to maintain its operations. As indicated in the most recent stockholders' annual report and the SEC Form 10-K of CTI, attached hereto as Exhibit C, CTS has adequate resources to fund its proposed telecommunications operations in Arizona and other states. As CTS' revenues increase through the acquisition of new customers, CTS' revenues will supplant CTI's assistance.

III. DESCRIPTION OF SERVICES

1. Description of Proposed Services. CTS intends to begin providing service in Arizona as soon as it obtains authorization to do so. CTS proposes to provide resold and facilities-based local exchange telecommunications services to subscribers throughout the State of Arizona. Applicant's services will be available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week. CTS also proposes to provide switched and special access services in Arizona, initially through the resale of services of U S West and, as market conditions warrant, through its own facilities. CTS intends to provide all forms of intrastate telecommunications services, including, but not limited to: (1) Basic Exchange Services (Local Exchange Flat Rate, Measured Rate Service, operator access, etc.); (2) Customer and Class Features (call waiting, caller ID, call forwarding, etc.); (3) Adjunct

Provided Features (voice messaging, etc.); (4) Ancillary Services (911, directory listing, directory assistance, etc.); and (5) Carrier Access Services providing trunk-side access to the CTS switched network to allow other carriers to originate and terminate calls to CTS end user access lines. CTS proposes to provide telecommunications services to both business and residential customers.

2. Description of Proposed Facilities. CTS has not yet completed plans for construction of facilities in Arizona. Initially, CTS will provide service through a combination of purchased and leased assets. At the time that market conditions support installation of facilities within the State, CTS will provide the Commission with a description and the location of its equipment, and it will comply with all pertinent requirements and regulations.

3. Geographic Area to be Served. CTS intends to provide telecommunications services to subscribers to and from all points within the State of Arizona, and therefore seeks authorization to provide local exchange and exchange access service throughout the State of Arizona. At this time, CTS plans to provide local exchange service to customers only in the exchange areas of U S West, and it does not seek to terminate any small or rural carrier exemption claimed by any incumbent carrier in Arizona. However, CTS seeks statewide authorization so that it may expand its local exchange service areas in the future as market conditions may warrant. Because CTS will mirror the exchanges as mapped by U S West, and will initially adopt those exchange boundaries, CTS is not filing a copy of the map depicting its initial service area.

4. Tariff. CTS' proposed local exchange tariff is attached hereto as Exhibit D.

5. Interconnection/Resale Agreement. CTS plans to opt into a U S West interconnection agreement previously approved by this Commission. The procedure under Section 252(i) greatly reduces the time and effort required to reach an agreement because that provision, as a matter of law,

requires a local exchange carrier to make terms and conditions of any approved agreement available automatically to any requesting carrier. Therefore, by expediting its arrangements for interconnection and resale, CTS will be in a position to offer competitive services in the State of Arizona as soon as possible pending approval of this Application.

6. Petition for Competitive Classification. Pursuant to A.A.C. R14-2-1108, telecommunications companies seeking competitive classification for their service offerings must petition the Commission. Accordingly, CTS' petition for competitive classification is attached hereto at Exhibit E.

IV. CONCLUSION

Based on the foregoing, CenturyTel Solutions, LLC respectfully requests that the Commission grant it a Certificate of Convenience and Necessity to provide resold and facilities-based competitive local exchange and exchange access telecommunications services as described in this Application, and granting such additional or further relief as may be necessary or appropriate.

Respectfully submitted,

Phyllis A. Whitten, Esq.
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, NW, Suite 300
Washington, D.C. 20007-5116
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

Counsel for CenturyTel Solutions, LLC

Dated: July 13, 2000

EXHIBITS

Exhibit A	Articles of Organization and Evidence of Authority to Transact Business in Arizona
Exhibit B	Managerial and Technical Qualifications
Exhibit C	Financial Qualifications
Exhibit D	Proposed Tariff
Exhibit E	Petition for Competitive Classification

EXHIBIT A

Articles of Organization and
Evidence of Authority to Transact Business in Arizona

W. Fox McKeithen
Secretary of State

ARTICLES OF ORGANIZATION
(R.S. 12:1301)

Domestic Limited Liability Company
Enclose $60.00 filing fee
Make remittance payable to
Secretary of State
Do not send cash

Return to: Corporations Division
P.O. Box 94125
Baton Rouge, LA 70804-9125
Phone (504) 925-4704

STATE OF LOUISIANA

Check one: (X) Business ( ) Non-Profit

FOX MCKEITHEN
Secretary of State
Received & Filed
DATE JUN 22 1999

PARISH OF Ouachita

1. The name of this limited liability company is: CenturyTel Solutions, LLC

2. This company is formed for the purpose of: (check one)

(x) Engaging in any lawful activity for which limited liability companies may be formed.

( ) ____________________
(use for limiting activity)

3. The duration of this limited liability company is: (may be perpetual) Perpetual

4. Other provisions: ____________________

THUS DONE AND PASSED in my office in Monroe, LA, on this the 18th day of June, 19 99, in my presence and in the presence of the undersigned witnesses who sign their names with me, Notary, after due reading of the whole.

Signature:
Arvil Fowler

Witness Delle Wald Dranning

Witness Jennifer K. Johnston

Notary

385 Rev. 7/97

(See instructions on back)

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

To all to whom these presents shall come, greeting:
I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

******CENTURYTEL SOLUTIONS, LLC******

A Limited Liability Company organized under the laws of the jurisdiction of Louisiana, has on this 29th day of March, 2000 obtained this Certificate of Registration to transact business in the State of Arizona.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the offical seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 4th day of April, 2000, A. D.

Executive Secretary

BY:

<u>EXHIBIT B</u>

Managerial and Technical Qualifications

Managerial and Technical Qualifications

The following are the FCC-regulated businesses in which CTI holds a 10% or greater interest: CTI, through its subsidiaries, holds interests in and operates numerous cellular licensees. These companies are as follows (CTI's attributable interest in each company is noted in parentheses):

Appleton-Oshkosh-Neenah MSA Limited Partnership (98.85%)
Brownsville Cellular Telephone Company, Inc. (78.74%)
Cellular Mobile Systems of Michigan RSA No. 7 Limited Partnership (56.07%)
Cellular North Michigan Network General Partnership (42.84%)
Cellutel of Biloxi, Inc. (96.45%)
Century Cellunet of Alexandria, Inc. (100%)
Century Cellunet of Arkansas RSA #12 Cellular Limited Partnership (80%)
Century Cellunet of La Crosse Limited Partnership (95%)
Century Cellunet of Louisiana RSA #4 Cellular Limited Partnership (100%)
Century Cellunet of Michigan RSA #4 Cellular Limited Partnership (100%)
Century Cellunet of Michigan RSA #6 Cellular Limited Partnership (98%)
Century Cellunet of Mississippi RSA #2, Inc. (100%)
Century Cellunet of Mississippi RSA #6, Inc. (100%)
Century Cellunet of Mississippi RSA #7, Inc. (100%)
Century Cellunet of North Arkansas Cellular Limited Partnership (82%)
Century Cellunet of North Louisiana Cellular Limited Partnership (87%)
Century Cellunet of Pine Bluff, LLC (100%)
Century Cellunet of Saginaw MSA Limited Partnership (91.7%)
Century Cellunet of Southern Michigan Cellular Limited Partnership (97%)
Century Cellunet of Southwest Arkansas Cellular Limited Partnership (89%)
Eau Claire Cellular Telephone Limited Partnership (55.50%)
Jackson Cellular Telephone Company, Inc. (89.58%)
Michigan RSA #9 Limited Partnership (43.38%)
Pacific Telecom Cellular of Michigan, Inc. (100%)
Pascagoula Cellular Partnership (89.22%)
The McAllen Cellular Telephone Company, Inc. (69.50%)
Wisconsin RSA #1 Limited Partnership (42.21%)
Wisconsin RSA #2 Partnership (99%)
Wisconsin RSA #6 Partnership (57.14%)
Wisconsin RSA #7 Partnership (22.83%)
Wisconsin RSA No. 8 Limited Partnership (84%)

In addition, CTI through its subsidiaries, holds a 10% or greater attributable interest in the following cellular licensees, but is not the operator (CTI's attributable interest in each company is noted in parentheses):

ALLTEL Cellular Associates of Arkansas Limited Partnership (36%)
GTE Mobilnet of Austin Limited Partnership (35%)
Lafayette MSA Limited Partnership (49%)
Milwaukee SMSA Limited Partnership (17.96%)
Thumb Cellular Limited Partnership (26%)
Wisconsin RSA #3 Limited Partnership (42.86%)
Wisconsin RSA No. 4 Limited Partnership (25%)
Wisconsin RSA #10 Limited Partnership (22.50%)

CTI, holds a 10% or greater attributable interest in the following Personal Communications Service licensees (CTI's attributable interest in each company is noted in parentheses):

Century Personal Access Network, Inc. (100%)
MVI Corporation (100%)
Wireless 2000, Inc.(20%)
Wisconsin RSA # 7 Limited Partnership (23.50%)

CTI holds a 10% or greater attributable interest in the following Point-to-Point Microwave Service licensees not previously mentioned above or as a local exchange carrier (CTI's attributable interest in each company is noted in parentheses):

Celutel, Inc. (100%)
CenturyTel Telelink, Inc. (100%)

CTI holds a 10% or greater attributable interest in the following Local Multipoint Distribution Service licensees (CTI's attributable interest in each company is noted in parentheses):

Actel Corporation (100%)

CTI holds a 10% or greater attributable interest in the following local exchange carriers (CTI's attributable interest in each company is noted in parentheses):

Bloomingdale Telephone Company, Inc. (20%)
CenturyTel Midwest - Michigan, Inc. (f/k/a Century Telephone Midwest, Inc.) (100%)
CenturyTel of Adamsville, Inc. (f/k/a Century Telephone of Adamsville, Inc.) (100%)
CenturyTel of Arkansas, Inc. (f/k/a Century Telephone of Arkansas, Inc.) (100%)
CenturyTel of Central Indiana, Inc. (f/k/a Century Telephone of Central Indiana, Inc.) (100%)
CenturyTel of Central Louisiana, Inc. (f/k/a Century Telephone of Central Louisiana, Inc.) (100%)

CenturyTel of Chatham, Inc. (f/k/a Century Telephone of Chatham, Inc.) (100%)
CenturyTel of Chester, Inc. (f/k/a Century Telephone of Chester, Inc.) (100%)
CenturyTel of Claiborne, Inc. (f/k/a Century Telephone of Claiborne, Inc.) (100%)
CenturyTel of East Louisiana, Inc. (f/k/a Century Telephone of East Louisiana, Inc.) (100%)
CenturyTel of Evangeline, Inc. (f/k/a Century Telephone of Evangeline, Inc.) (100%)
CenturyTel of Idaho, Inc. (f/k/a Century Telephone of Idaho, Inc.) (100%)
CenturyTel of Michigan, Inc. (f/k/a Century Telephone of Michigan, Inc.) (100%)
CenturyTel of Mountain Home, Inc. (f/k/a Century Telephone of Mountain Home, Inc.) (100%)
CenturyTel of North Louisiana, Inc. (f/k/a Century Telephone of North Louisiana, Inc.) (100%)
CenturyTel of North Mississippi, Inc. (f/k/a Century Telephone of North Mississippi, Inc.) (100%)
CenturyTel of Northern Michigan, Inc. (f/k/a Century Telephone of Northern Michigan, Inc.) (100%)
CenturyTel of Northwest Louisiana, Inc. (f/k/a Century Telephone of Northwest Louisiana, Inc.) (100%)
CenturyTel of Odon, Inc. (f/k/a Century Telephone of Odon, Inc.) (100%)
CenturyTel of Ohio, Inc. (f/k/a Century Telephone of Ohio, Inc.) (100%)
CenturyTel of Ooltewah-Collegedale, Inc. (f/k/a Century Telephone of Ooltewah-Collegedale, Inc.) (100%)
CenturyTel of Port Arkansas, Inc. (f/k/a Century Telephone of Port Arkansas, Inc.) (100%)
CenturyTel of Ringgold, Inc. (f/k/a Century Telephone of Ringgold, Inc.) (100%)
CenturyTel of Redfield, Inc. (f/k/a Century Telephone of Redfield, Inc.) (100%)
CenturyTel of San Marcos, Inc. (f/k/a Century Telephone of San Marcos, Inc.) (100%)
CenturyTel of South Arkansas, Inc. (f/k/a Century Telephone of South Arkansas, Inc.) (100%)
CenturyTel of Southeast Louisiana, Inc. (f/k/a Century Telephone of Southeast Louisiana, Inc.) (100%)
CenturyTel of Southwest Louisiana, Inc. (f/k/a Century Telephone of Southwest Louisiana, Inc.) (100%)
CenturyTel of Monroe County, Inc. (100%)
CenturyTel of Northern Wisconsin, Inc. (100%)
CenturyTel of Northwest Wisconsin, Inc. (100%)
CenturyTel of Colorado, Inc. (100%)
CenturyTel of Forestville, Inc. (100%)
CenturyTel of Larsen-Reedfield, Inc. (100%)
CenturyTel of the Southwest, Inc. (100%)
CenturyTel of Fairwater-Brandon-Alto, Inc. (f/k/a Century Telephone of Fairwater-Brandon-Alto, Inc.) (100%)
CenturyTel of Southern Wisconsin, Inc. (f/k/a Century Telephone of Southern Wisconsin, Inc.) (100%)
CenturyTel of Eagle, Inc. (f/k/a Eagle Telecommunications Inc. /Colorado) (100%)
CenturyTel of Eastern Oregon, Inc. (f/k/a Telephone Utilities of Eastern Oregon, Inc.) (100%)

CenturyTel of Inter Island, Inc. (100%)
CenturyTel of Minnesota, Inc. (f/k/a Northland Telephone Company) (100%)
CenturyTel of Oregon, Inc. (f/k/a Telephone Utilities of Oregon, Inc.) (100%)
CenturyTel of Paradise, Inc. (f/k/a Paradise Communications, Inc.) (100%)
CenturyTel of Cowiche, Inc. (f/k/a Cowiche Telephone Company, Inc.) (100%)
CenturyTel of Postville, Inc. (f/k/a Postville Telephone Company) (100%)
CenturyTel of the Midwest-Wisconsin, Inc. (f/k/a North-west Telephone Company, Inc.) (100%)
CenturyTel of Upper Michigan, Inc. (f/k/a PTI Communications of Michigan, Inc.) (100%)
CenturyTel of Washington, Inc. (f/k/a Telephone Utilities of Washington, Inc.) (100%)
CenturyTel of Wyoming, Inc. (f/k/a Telephone Utilities of Wyoming, Inc.) (100%)
CenturyTel Telephone Utilities, Inc. (f/k/a Telephone Utilities, Inc.) (100%)
CenturyTel of the Gem State, Inc. (96%)
CenturyTel of the Midwest--Kendall, Inc. (100%)
CenturyTel of Montana, Inc. (99%)
CenturyTel of Wisconsin, Inc. (f/k/a Century Telephone of Wisconsin, Inc.) (100%)
CenturyTel of Lake Dallas, Inc. (f/k/a Century Telephone of Lake Dallas, Inc.) (100%)
Hillsboro Telephone Company, Inc. (20%)

CTI holds a 10% or greater attributable interest in the following companies that provide long distance service (CTI's attributable interest in each company is noted in parentheses):

CenturyTel Long Distance, Inc. (f/k/a CenturyTel Solutions, Inc.) (100%)
Century Telecommunications, Inc. (100%)
CenturyTel/Area Long Lines, Inc. (f/k/a Century Area Long Lines (CALL), Inc.) (100%)

CTI holds a 10% or greater attributable interest in the following companies that provide cable service (CTI's attributable interest in each company is noted in parentheses):

CenturyTel/Teleview of Wisconsin, Inc. (f/k/a Century Teleview of Wisconsin, Inc.) (100%)
CenturyTel Entertainment, Inc. (f/k/a PTI Entertainment, Inc.) (100%)
CenturyTel TeleVideo, Inc. (f/k/a PTI TeleVideo, Inc.) (100%)

Biographies of CTS' Key Personnel

CTS is managerially and technically qualified to provide local exchange and exchange access telecommunications in the State of Arizona. A brief description of the key personnel's experience in telecommunications is stated below.

Clarke M. Williams
Founder and Chairman of the Board
Joined CenturyTel - 1946

Education

- bachelor's degree/business administration
- Northeast Junior College/Monroe, Louisiana
- Honorary Doctor of Law degree/Northeast Louisiana University

Current memberships

- Board of Directors/Regions Bank/Monroe, Louisiana
- Chairman of the Board/Bank of Oak Ridge/Oak Ridge, Louisiana
- Honorary member/Beta Alpha Psi
- Deacon/Oak Ridge Baptist Church

Past memberships

- Mayor of Oak Ridge, Louisiana
- Board of Trustees/Columbia North Monroe Hospital
- Board of Trustees/Louisiana College/Pineville, Louisiana

Awards and honors

- Distinguished Entrepreneur Award/Monroe Chamber of Commerce
- Silver Beaver Award/Boy Scouts of America
- David C. Silverstein Memorial Civic Award
- Arthritis Foundation Humanitarian Award
- Louisiana College Trustee's Distinguished Service Award
- Medal of Honor/National Society of the Daughters of the American Revolution
- Community Service Award/National Society of the Daughters of the American Revolution

Clarke McRae Williams grew up in the family telephone business in Oak Ridge, Louisiana. After returning from World War II in 1946, he was given ownership of the family owned Oak Ridge Telephone Company. In 1950, he bought the Marion, Louisiana exchange and began building and shaping what is known today as CenturyTel.

Today, CenturyTel provides integrated communications services including local exchange, wireless, long distance, Internet access, and security monitoring services to more than two million customers in 20 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTI. CenturyTel is the 7th largest local exchange telephone company, based on access lines, and the 9th largest cellular company, based on population equivalents owned, in the United States. Williams' vision and philosophy continues to lead CenturyTel into the future.

Glen F. Post, III
President, Chief Executive Officer and Vice Chairman of the Board

Joined CenturyTel - 1976

Positions held at CenturyTel

- Vice President 1982
- Senior Vice President and Treasurer 1984
- Board of Directors 1985
- Executive Vice President and Chief Operating Officer 1988
- President and Chief Operating Officer 1990
- President, Chief Executive Officer and Vice Chairman of the Board 1992

Education

- bachelor's degree/accounting
- master's degree/business administration Louisiana Tech University/Ruston, Louisiana

Current memberships

- Board of Directors - North Louisiana/Regions Bank/Monroe, Louisiana
- Board of Trustees/Louisiana Independent College Fund
- Board of Directors/Yelcot Telephone Company
- Louisiana Tech University College of Administration and Business Executive Cabinet

Past memberships

- Board of Directors/Cellular Telephone Industry Association (CTIA)
- Board of Directors/Monroe Chamber of Commerce
- Board of Directors/Louisiana Tech University Foundation
- Vice Chairman of the Board/Brooks Fiber Properties, Inc.

Awards and honors

- Louisiana Tech University Distinguished Alumni, College of Administration and Business 1991
- Louisiana Tech University Tower Medallion Award 1997

Under Glen Post's leadership, CenturyTel has achieved significant growth in all of its operations. In December 1997, the Company acquired Pacific Telecom, Inc. (PTI). The $2.2 Billion acquisition more than doubled the size of CenturyTel's telephone operations and significantly expanded its wireless ownership. CenturyTel is now the 7th largest local exchange telephone company, based on access lines, and the 9th largest cellular company, based on population equivalents owned, in the United States.

Post has led CenturyTel's efforts in acquiring numerous communications companies as well as developing new businesses that enhance the Company's core operations. His emphasis on providing superior customer service and implementation of proven business strategies has advanced CenturyTel's vision to be the leading provider of integrated communications services to rural areas and smaller cities in America.

CenturyTel achieved record earnings for the 16th consecutive year in 1999 with revenues reaching nearly $1.7 Billion. In early 1999, CenturyTel announced a three-for-two stock split and was added to the S & P 500 Index.

Harvey P. Perry
Executive Vice President, Chief Administrative Officer and Director

Joined CenturyTel - 1984

Positions held at CenturyTel
- General Counsel 1984
- Secretary and General Counsel 1985
- Senior Vice President, Secretary and General Counsel 1986
- Board of Directors 1990
- Executive Vice President and Chief Administrative Officer 1999

Education
- Bachelor's degree/economics
- Juris Doctorate
- Louisiana State University/Baton Rouge, Louisiana

Current memberships
- Fourth Judicial District
- Louisiana State Bar Association
- American Bar Association
- American Society of Corporate Secretaries
- Vice Chairman of the Board, Salvation Army
- Board of Directors, North Monroe Hospital

Over the past ten years, Harvey Perry has been involved in the development of CenturyTel's new businesses including cellular, competitive access and those businesses currently included in CenturyTel's business development area.

Perry has played an instrumental role in CenturyTel's growth, acquisition strategy and business development. He is also responsible for the human resources and administrative services functions within CenturyTel as well as the operation of CenturyTel Air.

R. Stewart Ewing, Jr.
<u>Executive Vice President and Chief Financial Officer</u>

Joined CenturyTel - 1983

Positions held at CenturyTel

- Vice President of Finance 1983
- Vice President and Controller 1984
- Senior Vice President and Chief Financial Officer 1989
- Executive Vice President and Chief Financial Officer 1999

Education

- Bachelor's degree/business
- Northwestern State University/Natchitoches, Louisiana

Current memberships

- Louisiana Society of Certified Public Accountants (CPAs)
- American Institute of CPAs
- National Association of Accountants
- American Management Association
- Board of Directors/Northeast Louisiana Children's Museum
- Board of Directors/Progressive Bank
- Senior Warden/St. Alban's Episcopal Church

Past memberships

- Board of Directors/National Rural Telephone Association
- Tax Committee/United States Telephone Association (USTA)
- Board of Directors and Treasurer/Grace Episcopal School/Monroe, Louisiana
- Treasurer/St. Frederick's High School Athletic Association/Monroe, Louisiana

R. Stewart Ewing has played a key role in CenturyTel's acquisition strategy by negotiating all stages of purchase agreements from legal and regulatory to folding new companies into CenturyTel's corporate structure and philosophy. His responsibilities include managing CenturyTel's accounting, treasury, financial planning and analysis, corporate development and investor relations functions.

Ewing's extensive experience includes management of CenturyTel's regulatory, information systems and corporate planning areas as well as finance for its Wireless Group. He has been a main contributor to CenturyTel's consistent earnings growth over the past several years.

Mike Czerwinski
Vice President - CLEC and Long Distance

Joined CenturyTel - 2000

Education

- bachelor's degree/electrical engineering - Louisiana State University
- master's degree/business administration - University of New Orleans

Current memberships

- National Society of Professional Engineers
  American Institute of Certified Public Accountants
- Board of Directors/Public Affairs Research Council of Louisiana

Mike Czerwinski is responsible for the management of the Competitive Local Exchange Carrier (CLEC) and long distance business implementation process for each expansion market and is the primary contact for all business implementation and growth issues.

Czerwinski came to CenturyTel in April from EATEL where he worked for more than 15 years serving as director of revenues and marketing, general manager, and, most recently, president. He also spent 14 years with South Central Bell where he served as outside plant engineer and industry relations representative.

EXHIBIT C

Financial Qualifications

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 1999

or

[ ] **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number 1-7784

CENTURYTEL, INC.
(Exact name of Registrant as specified in its charter)

Louisiana *(State or other jurisdiction of incorporation or organization)*	72-0651161 *(IRS Employer Identification No.)*
100 Century Park Drive, Monroe, Louisiana *(Address of principal executive offices)*	71203 *(Zip Code)*

Registrant's telephone number, including area code - (318) 388-9000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00	New York Stock Exchange Berlin Stock Exchange
Preference Share Purchase Rights	New York Stock Exchange Berlin Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 29, 2000, the aggregate market value of voting stock held by non-affiliates (affiliates being for these purposes only directors, executive officers and holders of more than five percent of the Company's outstanding voting securities) was $4.7 billion. As of February 29, 2000, there were 140,216,554 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Proxy Statement prepared in connection with the 2000 annual meeting of shareholders are incorporated in Part III of this Report.

PART I

Item 1. Business

General. CenturyTel, Inc. ("CenturyTel") is a regional diversified communications company engaged primarily in providing local exchange telephone services and wireless telephone communications services. For the year ended December 31, 1999, local exchange telephone operations and wireless operations provided 68% and 25%, respectively, of the consolidated revenues of CenturyTel and its subsidiaries (the "Company"). Substantially all of the Company's telephone and wireless operations are conducted within the continental United States.

At December 31, 1999, the Company's local exchange telephone subsidiaries operated over 1.27 million telephone access lines, primarily in rural, suburban and small urban areas in 20 states, with the largest customer bases located in Wisconsin, Washington, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana. According to published sources, the Company is the seventh largest local exchange telephone company in the United States based on the number of access lines served. For more information, see "Telephone Operations."

At December 31, 1999, the Company's majority-owned and operated cellular systems served approximately 707,000 customers in 19 Metropolitan Statistical Areas ("MSAs") in Michigan, Louisiana, Arkansas, Mississippi, Wisconsin and Texas, and 23 Rural Service Areas ("RSAs"), most of which are in Michigan, Louisiana, Arkansas, Mississippi and Wisconsin. The Company's ownership interest in these operated markets represented approximately 7.6 million pops (the estimated population of licensed cellular telephone markets multiplied by the Company's proportionate equity interest in the licensed operators thereof). At December 31, 1999, the Company also owned minority equity interests in 10 MSAs and 17 RSAs, representing approximately 1.9 million pops. Of the Company's 9.5 million aggregate pops, approximately 64% are attributable to the Company's MSA interests, with the balance attributable to its RSA interests. All of the cellular systems operated by the Company are operated under wireline licenses, except for three MSAs and five RSAs which are operated under non-wireline licenses. According to data derived from published sources, the Company is the ninth largest cellular telephone company in the United States based on the Company's 9.5 million pops. For more information, see "Wireless Operations."

The Company also provides long distance, security monitoring, cable television and interactive services in certain local and regional markets, as well as certain printing and related services. For more information, see "Other Operations."

Recent acquisitions and dispositions. In November 1999, the Company acquired the assets of DigiSys, Inc., an Internet service provider in Kalispell, Montana. DigiSys provides Internet services to more than 8,600 customers in Montana and operates MontanaWeb, one of the largest online business directories in the state.

In October 1999, the Company acquired the non-wireline cellular license to serve Mississippi RSA #5, which covers 160,000 pops. Mississippi RSA #5 encompasses the Vicksburg and Greenville markets as well as portions of Interstate Highway 20 between Jackson, Mississippi and Monroe, Louisiana.

On December 1, 1998, the Company acquired the assets of certain of Ameritech's telephone operations and related telephone directories in 19 telephone exchanges covering 21 communities in northern and central Wisconsin for approximately $221 million cash. The operations acquired by the Company include the telephone property and equipment that serves nearly 69,000 customers, or approximately 86,000 access lines, as well as nine related telephone directories.

On December 1, 1997, the Company acquired Pacific Telecom, Inc. ("PTI") in exchange for $1.503 billion cash. As a result of the PTI acquisition, the Company acquired (i) over 660,000 telephone access lines in four midwestern states, seven western states and Alaska, (ii) over 88,000 cellular customers in ten markets located in two midwestern states and Alaska and (iii) various wireless, cable television and other communications assets. In May 1998, the Company sold PTI's undersea cable operations for approximately $61.8 million cash. In May 1999, the Company sold substantially all of its Alaska operations that it had acquired from PTI for approximately $300 million after-tax. In February 2000, the Company sold its interest in Alaska RSA #1 which completed the Company's divestiture of its Alaska operations.

During late 1997 and early 1998, the Company acquired two security monitoring businesses that provide services to approximately 6,000 customers in north central Louisiana, southern Arkansas and northwestern Mississippi.

In December 1997 the Company acquired an additional 76% interest in Wisconsin RSA #8, which is adjacent to the Company's existing cellular operations in southwestern Wisconsin.

During 1997 the Company exchanged its 89% interest in its competitive access subsidiary for approximately 4.3 million shares of publicly traded common stock. Approximately 3.8 million shares of such stock were sold in November 1997 for $203 million and the remaining shares were converted into approximately 1.0 million shares of MCIWorldCom, Inc. ("WorldCom") in early 1998. In the second quarter of 1998, the Company sold 750,000 shares of WorldCom common stock for $35.6 million. In January 1999, the Company sold its remaining shares of WorldCom stock for $20.1 million.

In January 1997 the Company acquired Pecoco, Inc., a provider of local exchange telephone service in four counties in Wisconsin. As a result of the acquisition, the Company acquired (i) more than 7,600 telephone access lines, (ii) a minority interest in two cellular partnerships serving Madison and Milwaukee, Wisconsin, representing approximately 35,000 pops and (iii) certain cable television assets.

In June 1999 the Company sold all of the operations of its Brownsville and McAllen, Texas, cellular systems to Western Wireless Corporation for approximately $96 million cash. The Company received a proportionate share of the sale proceeds of approximately $45 million after-tax.

The Company continually evaluates the possibility of acquiring additional telecommunications assets in exchange for cash, securities or both, and at any given time may be engaged in discussions or negotiations regarding additional acquisitions. The Company generally does not announce its acquisitions until it has entered into a preliminary or definitive agreement. Over the past few years, the number and size of communications properties on the market has increased substantially. Although the Company's primary focus will continue to be on acquiring telephone and wireless interests that are proximate to its properties or that serve a customer base large enough for the Company to operate efficiently, other communications interests may also be acquired and these acquisitions could have a material impact upon the Company.

Pending acquisitions. In June 1999, the Company signed a definitive asset purchase agreement to purchase from affiliates of GTE Corporation ("GTE") telephone access lines (which numbered approximately 225,000 at December 31, 1999) and related local exchange assets in Arkansas for approximately $845.8 million in cash. In July 1999, the Company acquired a 61.5% (56.9% fully diluted) interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 121,000 at December 31, 1999) and related local exchange assets in Missouri for approximately $290 million in cash. At closing, the Company has agreed to make approximately a $55 million preferred equity investment in the new entity and it is anticipated that the Company will loan the new entity approximately $220 million.

In August 1999, the Company acquired an 89% interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement to purchase telephone access lines (which numbered approximately 61,700 as of December 31, 1999) and related local exchange assets in Wisconsin from a GTE affiliate for approximately $170 million cash. At closing the Company has agreed to make an equity investment in the newly organized company of approximately $37.8 million and it is anticipated that the Company will loan the new entity approximately $130 million. In October 1999, the Company also entered into a definitive asset purchase agreement to purchase additional telephone access lines (which numbered approximately 68,200 as of December 31, 1999) and related local exchange assets in Wisconsin from a GTE affiliate for approximately $195 million cash.

Other. As of December 31, 1999, the Company had approximately 5,700 employees, approximately 760 of whom were members of seven different bargaining units represented by the International Brotherhood of Electrical Workers, Communications Workers of America, or the NTS Employee Committee. Relations with employees continue to be generally good.

CenturyTel was incorporated under Louisiana law in 1968 to serve as a holding company for several telephone companies acquired over the previous 15 to 20 years. CenturyTel's principal executive offices are located at 100 Century Park Drive, Monroe, Louisiana 71203 and its telephone number is (318) 388-9000.

TELEPHONE OPERATIONS

According to published sources, the Company is the seventh largest local exchange telephone company in the United States, based on the more than 1.27 million access lines it served at December 31, 1999. All of the Company's access lines are digitally switched. Through its operating telephone subsidiaries, the Company provides services to predominately rural, suburban and small urban markets in 20 states. The table below sets forth certain information with respect to the Company's access lines as of December 31, 1999 and 1998.

	December 31, 1999		December 31, 1998	
State	Number of access lines	Percent of access lines	Number of access lines	Percent of access lines
Wisconsin	358,768	28%	340,895	25%
Washington	183,759	14	175,508	13
Alaska	-	-	131,858	10
Michigan	112,468	9	108,769	8
Louisiana	100,967	8	97,676	7
Colorado	91,446	7	86,249	7
Ohio	83,287	7	80,400	6
Oregon	78,210	6	75,392	6
Montana	63,867	5	60,657	5
Texas	48,144	4	44,822	3
Arkansas	45,675	4	43,778	3
Minnesota	30,583	2	29,708	2
Tennessee	26,917	2	25,609	2
Mississippi	21,844	2	19,648	2
Idaho	6,040	1	5,881	1
New Mexico	6,354	1	5,770	-
Indiana	5,266	0	5,136	-
Wyoming	4,841	0	4,663	-
Iowa	1,997	0	1,938	-
Arizona	1,936	0	1,780	-
Nevada	498	0	430	-
	1,272,867	100%	1,346,567	100%

As indicated in the following table, the Company has experienced growth in its telephone operations over the past several years, a substantial portion of which was attributable to the December 1997 acquisition of PTI and other telephone properties and to the expansion of services. A portion of the Company's access line growth was offset by the May 1999 sale of the Company's Alaska telephone operations.

	Year ended or as of December 31,				
	1999	1998	1997	1996	1995
	(Dollars in thousands)				
Access lines	1,272,867	1,346,567	1,203,650	503,562	480,757
% Residential	75%	74	74	77	78
% Business	25%	26	26	23	22
Operating revenues	$ 1,142,593	1,091,610	530,597	451,538	419,242
Capital expenditures	$ 233,512	233,190	115,854	110,147	136,006

Future growth in telephone operations is expected to be derived from (i) acquiring additional telephone properties from GTE and others, (ii) providing service to new customers, (iii) increasing network usage and (iv) providing additional services made possible by advances in technology and changes in regulation. For information on developing competitive trends, see "-Regulation and Competition."

Services

The Company's local exchange telephone subsidiaries derive revenue from providing (i) local telephone services, (ii) network access services and (iii) other related services. The following table reflects the percentage of telephone operating revenues derived from these respective services:

	1999	1998	1997
Local service	30.9%	30.4	27.8
Network access	57.2	57.7	60.2
Other	11.9	11.9	12.0
	100.0%	100.0	100.0

Local service. Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Internal access line growth during 1999, 1998 and 1997 was 4.8%, 4.7% and 4.4%, respectively. The Company believes that access line growth in the future should benefit from population growth in its service areas, acquisitions and increases in the number of households maintaining more than one access line. The Company believes its Internet access services (discussed further below) have led to an increase in orders for additional lines.

The installation of digital switches and related software has been an important component of the Company's growth strategy because it allows the Company to offer enhanced services (such as call forwarding, conference calling, caller identification, selective call ringing and call waiting) and to thereby increase utilization of existing access lines. In 1999 the Company continued to expand its list of premium services (such as voice mail and Internet access) offered in certain service areas and aggressively marketed these services.

Network access. Network access revenues primarily relate to services provided by the Company to long distance carriers and other customers in connection with the use of the Company's facilities to originate and terminate interstate and intrastate long distance telephone calls. Access charges to long distance carriers and other customers are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges prescribed by the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other local exchange carriers ("LECs") administered by the National Exchange Carrier Association ("NECA").

Certain of the Company's intrastate network access revenues are derived through access charges billed by the Company to intrastate long distance carriers and other LEC customers. Such intrastate network access charges are based on access tariffs, which are subject to state regulatory commission approval. Additionally, certain of the Company's intrastate network access revenues, along with intrastate long distance revenues, are derived through revenue sharing arrangements with other LECs.

The Company is installing fiber optic cable in certain of its high traffic routes and provides alternative routing of telephone service over fiber optic cable networks in several strategic operating areas. At December 31, 1999, the Company's telephone subsidiaries had over 7,310 miles of fiber optic cable in use.

Other. Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for long distance companies, (iii) participating in the publication of local directories and (iv) providing Internet access. The Company began offering traditional Internet access services to its telephone customers in 1995. During 1999, the Company began offering in select markets digital subscriber line Internet access services, a high-speed premium-priced data service. At December 31, 1999 the Company provided Internet access services to approximately 59,700 customers in 355 markets in 13 states. These 355 markets represent 70% of the access lines served by the Company's LECs.

Certain large communications companies for which the Company currently provides billing and collection services continue to indicate their desire to reduce their billing and collection expenses, which has resulted and may continue to result in future reductions of the Company's billing and collection revenues.

For further information on the regulation of the Company's revenues, see "-Regulation and Competition."

Federal Financing Programs

Certain of the Company's telephone subsidiaries receive long-term financing from the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB"). The RUS has made long-term loans to telephone companies since 1949 for the purpose of improving telephone service in rural areas. The RUS continues to make new loans at interest rates that range from 5% to 7% based on borrower qualifications and the cost of funds to the United States government. The RTB, established in 1971, makes long-term loans at interest rates based on its average cost of funds as determined by statutory formula (such rates ranged from 5.89% to 5.98% for the fiscal year ended September 30, 1999), and in some cases makes loans concurrently with RUS loans. Most of the Company's telephone plant is pledged or mortgaged to secure obligations of the Company's telephone subsidiaries to the RUS and RTB. The Company's telephone subsidiaries which have borrowed from government agencies generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial covenants are met.

For additional information regarding the Company's financing, see the Company's consolidated financial statements included in Item 8 herein.

Regulation and Competition

Traditionally, LECs have operated as regulated monopolies. Consequently, the majority of the Company's telephone operations have traditionally been regulated extensively by various state regulatory agencies (generally called public service commissions or public utility commissions) and by the FCC. As discussed in greater detail below, passage of the Telecommunications Act of 1996 (the "1996 Act"), coupled with state legislative and regulatory initiatives and technological changes, has fundamentally altered the telephone industry by reducing the regulation of LECs and permitting competition in each segment of the telephone industry. Although CenturyTel anticipates that these trends towards reduced regulation and increased competition will continue, it is difficult to determine the form or degree of future regulation and competition in the Company's service areas.

State regulation. The local service rates and intrastate access charges of substantially all of the Company's telephone subsidiaries are regulated by state regulatory commissions. Most of such commissions have traditionally regulated pricing through "rate of return" regulation that focuses on authorized levels of earnings by LECs. Most of these commissions also (i) regulate the purchase and sale of LECs, (ii) prescribe depreciation rates and certain accounting procedures and (iii) regulate various other matters, including certain service standards and operating procedures.

In recent years, state legislatures and regulatory commissions in most of the states in which the Company has substantial operations have either begun to reduce the regulation of LECs or have announced their intention to do so, and it is expected that this trend will continue. Wisconsin, Louisiana and several other of these states have passed legislation which permit LECs to opt out of rate of return regulation in exchange for agreeing to alternative forms of regulation which typically permit the LEC greater freedom to establish local service rates in exchange for agreeing not to charge rates in excess of specified caps. As discussed further below most of the Company's remaining Wisconsin telephone subsidiaries have agreed to be governed by alternative regulation plans, and the Company continues to explore its options for similar treatment in other states. The Company believes that reduced regulatory oversight of certain of the Company's telephone operations may allow the Company to offer new and competitive services faster than under the traditional regulatory process. Coincident with these efforts, legislative, regulatory and technological changes have introduced competition into the local exchange industry. See "-Developments Affecting Competition."

Substantially all of the state regulatory commissions have statutory authority, the specific limits of which vary, to initiate and conduct earnings reviews of the LECs that they regulate under "rate of return" regulation. Notwithstanding the movement towards deregulation, most of the Company's LECs continue to be regulated under rate of return regulation, and remain subject to earnings reviews.

In 1997 the Louisiana Public Service Commission ("LPSC") adopted a Consumer Price Protection Plan (the "Louisiana Plan"), effective July 1997, which impacts all of the Company's LECs operating in Louisiana. The new form of regulation focuses on price and quality of service. Under the Louisiana Plan, the Company's Louisiana LECs' local rates were frozen for a period of three years and access rates were frozen for a period of two years. Although the Louisiana Plan has no specified term, the LPSC is required to review it by mid-2000. The Company's Louisiana LECs have the option to propose a new plan at any time if the LPSC determines that (i) effective competition exists or (ii) unforeseen events threaten the subsidiary's ability to provide adequate service or impair its financial health.

The Company's telephone operations in Wisconsin that were acquired in the December 1997 acquisition of PTI have been regulated under an alternative regulation plan (the "Wisconsin Plan") since June 1996. In late 1999 and early 2000, substantially all of the Company's remaining Wisconsin telephone subsidiaries agreed to be subject to alternative regulation plans. Each of these plans have a five-year term and permit the Company to freely adjust local rates within specified parameters if certain quality-of-service and infrastructure-development commitments are met. These plans also include initiatives designed to promote competition.

The Michigan Public Service Commission regulates the Company's Michigan telephone subsidiaries pursuant to the parameters established by the Michigan Telecommunications Act of 1995 ("MTA"). The MTA restructured regulation to focus on price and quality of service as opposed to traditional rate of return regulation. The MTA relies more on existing federal and state law regarding antitrust consumer protection and fair trade to provide safeguards for competition and consumers.

FCC regulation. The FCC regulates the interstate services provided by the Company's telephone subsidiaries primarily by regulating the interstate access charges that are billed to long distance companies and other LECs by the Company for use of its local network in connection with the origination and termination of interstate telephone calls. Additionally, the FCC has prescribed certain rules and regulations

PART I

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Pending acquisitions. In June 1999, the Company signed a definitive asset purchase agreement to purchase from affiliates of GTE Corporation ("GTE") telephone access lines (which numbered approximately 225,000 at December 31, 1999) and related local exchange assets in Arkansas for approximately $845.8 million in cash. In July 1999, the Company acquired a 61.5% (56.9% fully diluted) interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 121,000 at December 31, 1999) and related local exchange assets in Missouri for approximately $290 million in cash. At closing, the Company has agreed to make approximately a $55 million preferred equity investment in the new entity and it is anticipated that the Company will loan the new entity approximately $220 million.

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Colorado	91,446	7	86,249	7
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Oregon	78,210	6	75,392	6
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Texas	48,144	4	44,822	3
Arkansas	45,675	4	43,778	3
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Tennessee	26,917	2	25,609	2
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Idaho	6,040	1	5,881	1
New Mexico	6,354	1	5,770	-
Indiana	5,266	0	5,136	-
Wyoming	4,841	0	4,663	-
Iowa	1,997	0	1,938	-
Arizona	1,936	0	1,780	-
Nevada	498	0	430	-
	1,272,867	100%	1,346,567	100%

As indicated in the following table, the Company has experienced growth in its telephone operations over the past several years, a substantial portion of which was attributable to the December 1997 acquisition of PTI and other telephone properties and to the expansion of services. A portion of the Company's access line growth was offset by the May 1999 sale of the Company's Alaska telephone operations.

	Year ended or as of December 31,				
	1999	1998	1997	1996	1995
	(Dollars in thousands)				
Access lines	1,272,867	1,346,567	1,203,650	503,562	480,757
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% Business	25%	26	26	23	22
Operating revenues	$ 1,142,593	1,091,610	530,597	451,538	419,242
Capital expenditures	$ 233,512	233,190	115,854	110,147	136,006

Future growth in telephone operations is expected to be derived from (i) acquiring additional telephone properties from GTE and others, (ii) providing service to new customers, (iii) increasing network usage and (iv) providing additional services made possible by advances in technology and changes in regulation. For information on developing competitive trends, see "-Regulation and Competition."

Services

The Company's local exchange telephone subsidiaries derive revenue from providing (i) local telephone services, (ii) network access services and (iii) other related services. The following table reflects the percentage of telephone operating revenues derived from these respective services:

	1999	1998	1997
Local service	30.9%	30.4	27.8
Network access	57.2	57.7	60.2
Other	11.9	11.9	12.0
	100.0%	100.0	100.0

Local service. Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Internal access line growth during 1999, 1998 and 1997 was 4.8%, 4.7% and 4.4%, respectively. The Company believes that access line growth in the future should benefit from population growth in its service areas, acquisitions and increases in the number of households maintaining more than one access line. The Company believes its Internet access services (discussed further below) have led to an increase in orders for additional lines.

The installation of digital switches and related software has been an important component of the Company's growth strategy because it allows the Company to offer enhanced services (such as call forwarding, conference calling, caller identification, selective call ringing and call waiting) and to thereby increase utilization of existing access lines. In 1999 the Company continued to expand its list of premium services (such as voice mail and Internet access) offered in certain service areas and aggressively marketed these services.

Network access. Network access revenues primarily relate to services provided by the Company to long distance carriers and other customers in connection with the use of the Company's facilities to originate and terminate interstate and intrastate long distance telephone calls. Access charges to long distance carriers and other customers are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges prescribed by the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other local exchange carriers ("LECs") administered by the National Exchange Carrier Association ("NECA").

Certain of the Company's intrastate network access revenues are derived through access charges billed by the Company to intrastate long distance carriers and other LEC customers. Such intrastate network access charges are based on access tariffs, which are subject to state regulatory commission approval. Additionally, certain of the Company's intrastate network access revenues, along with intrastate long distance revenues, are derived through revenue sharing arrangements with other LECs.

The Company is installing fiber optic cable in certain of its high traffic routes and provides alternative routing of telephone service over fiber optic cable networks in several strategic operating areas. At December 31, 1999, the Company's telephone subsidiaries had over 7,310 miles of fiber optic cable in use.

Other. Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for long distance companies, (iii) participating in the publication of local directories and (iv) providing Internet access. The Company began offering traditional Internet access services to its telephone customers in 1995. During 1999, the Company began offering in select markets digital subscriber line Internet access services, a high-speed premium-priced data service. At December 31, 1999 the Company provided Internet access services to approximately 59,700 customers in 355 markets in 13 states. These 355 markets represent 70% of the access lines served by the Company's LECs.

Certain large communications companies for which the Company currently provides billing and collection services continue to indicate their desire to reduce their billing and collection expenses, which has resulted and may continue to result in future reductions of the Company's billing and collection revenues.

For further information on the regulation of the Company's revenues, see "-Regulation and Competition."

Federal Financing Programs

Certain of the Company's telephone subsidiaries receive long-term financing from the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB"). The RUS has made long-term loans to telephone companies since 1949 for the purpose of improving telephone service in rural areas. The RUS continues to make new loans at interest rates that range from 5% to 7% based on borrower qualifications and the cost of funds to the United States government. The RTB, established in 1971, makes long-term loans at interest rates based on its average cost of funds as determined by statutory formula (such rates ranged from 5.89% to 5.98% for the fiscal year ended September 30, 1999), and in some cases makes loans concurrently with RUS loans. Most of the Company's telephone plant is pledged or mortgaged to secure obligations of the Company's telephone subsidiaries to the RUS and RTB. The Company's telephone subsidiaries which have borrowed from government agencies generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial covenants are met.

For additional information regarding the Company's financing, see the Company's consolidated financial statements included in Item 8 herein.

Regulation and Competition

Traditionally, LECs have operated as regulated monopolies. Consequently, the majority of the Company's telephone operations have traditionally been regulated extensively by various state regulatory agencies (generally called public service commissions or public utility commissions) and by the FCC. As discussed in greater detail below, passage of the Telecommunications Act of 1996 (the "1996 Act"), coupled with state legislative and regulatory initiatives and technological changes, has fundamentally altered the telephone industry by reducing the regulation of LECs and permitting competition in each segment of the telephone industry. Although CenturyTel anticipates that these trends towards reduced regulation and increased competition will continue, it is difficult to determine the form or degree of future regulation and competition in the Company's service areas.

State regulation. The local service rates and intrastate access charges of substantially all of the Company's telephone subsidiaries are regulated by state regulatory commissions. Most of such commissions have traditionally regulated pricing through "rate of return" regulation that focuses on authorized levels of earnings by LECs. Most of these commissions also (i) regulate the purchase and sale of LECs, (ii) prescribe depreciation rates and certain accounting procedures and (iii) regulate various other matters, including certain service standards and operating procedures.

In recent years, state legislatures and regulatory commissions in most of the states in which the Company has substantial operations have either begun to reduce the regulation of LECs or have announced their intention to do so, and it is expected that this trend will continue. Wisconsin, Louisiana and several other of these states have passed legislation which permit LECs to opt out of rate of return regulation in exchange for agreeing to alternative forms of regulation which typically permit the LEC greater freedom to establish local service rates in exchange for agreeing not to charge rates in excess of specified caps. As discussed further below most of the Company's remaining Wisconsin telephone subsidiaries have agreed to be governed by alternative regulation plans, and the Company continues to explore its options for similar treatment in other states. The Company believes that reduced regulatory oversight of certain of the Company's telephone operations may allow the Company to offer new and competitive services faster than under the traditional regulatory process. Coincident with these efforts, legislative, regulatory and technological changes have introduced competition into the local exchange industry. See "-Developments Affecting Competition."

Substantially all of the state regulatory commissions have statutory authority, the specific limits of which vary, to initiate and conduct earnings reviews of the LECs that they regulate under "rate of return" regulation. Notwithstanding the movement towards deregulation, most of the Company's LECs continue to be regulated under rate of return regulation, and remain subject to earnings reviews.

In 1997 the Louisiana Public Service Commission ("LPSC") adopted a Consumer Price Protection Plan (the "Louisiana Plan"), effective July 1997, which impacts all of the Company's LECs operating in Louisiana. The new form of regulation focuses on price and quality of service. Under the Louisiana Plan, the Company's Louisiana LECs' local rates were frozen for a period of three years and access rates were frozen for a period of two years. Although the Louisiana Plan has no specified term, the LPSC is required to review it by mid-2000. The Company's Louisiana LECs have the option to propose a new plan at any time if the LPSC determines that (i) effective competition exists or (ii) unforeseen events threaten the subsidiary's ability to provide adequate service or impair its financial health.

The Company's telephone operations in Wisconsin that were acquired in the December 1997 acquisition of PTI have been regulated under an alternative regulation plan (the "Wisconsin Plan") since June 1996. In late 1999 and early 2000, substantially all of the Company's remaining Wisconsin telephone subsidiaries agreed to be subject to alternative regulation plans. Each of these plans have a five-year term and permit the Company to freely adjust local rates within specified parameters if certain quality-of-service and infrastructure-development commitments are met. These plans also include initiatives designed to promote competition.

The Michigan Public Service Commission regulates the Company's Michigan telephone subsidiaries pursuant to the parameters established by the Michigan Telecommunications Act of 1995 ("MTA"). The MTA restructured regulation to focus on price and quality of service as opposed to traditional rate of return regulation. The MTA relies more on existing federal and state law regarding antitrust consumer protection and fair trade to provide safeguards for competition and consumers.

FCC regulation. The FCC regulates the interstate services provided by the Company's telephone subsidiaries primarily by regulating the interstate access charges that are billed to long distance companies and other LECs by the Company for use of its local network in connection with the origination and termination of interstate telephone calls. Additionally, the FCC has prescribed certain rules and regulations for telephone companies, including regulations regarding the use of radio frequencies; a uniform system of accounts; and rules regarding the separation of costs between jurisdictions and, ultimately, between interstate services.

Effective January 1, 1991, the FCC adopted price-cap regulation relating to interstate access rates for the Regional Bell Operating Companies ("RBOCs") and GTE Corporation. All other LECs may elect to be subject to price-cap regulation. Under price-cap regulation, limits imposed on a company's interstate rates are adjusted periodically to reflect inflation, productivity improvement and changes in certain non-controllable costs. In May 1993 the FCC adopted an optional incentive regulatory plan for LECs not subject to price-cap regulation. A LEC electing the optional incentive regulatory plan would, among other things, file tariffs based primarily on historical costs and not be allowed to participate in the relevant NECA pooling arrangements. The Company has not elected price-cap regulation or the optional incentive regulatory plan, but will continue to evaluate its options on a periodic basis. Either election, if made by the Company, would have to be applicable to all of the Company's telephone subsidiaries. The authorized interstate access rate of return for the Company's telephone subsidiaries is currently 11.25%, which is the authorized rate established by the FCC for LECs not governed by price-cap regulation or the optional incentive regulatory plan.

In September 1998, the FCC initiated a proceeding to represcribe the authorized rate of return for interstate access services provided by LECs. The FCC periodically represcribes this rate of return to ensure that the service rates filed by incumbent LECs subject to rate of return regulation continue to be just and reasonable. It is uncertain whether or by how much the FCC may lower the authorized rate of return. For rate of return companies, the FCC is considering how other unresolved issues such as jurisdictional separations, access charge reform and universal service must be addressed before represcribing rate of return.

In an access charge reform order adopted in May 1997, the FCC changed its system of interstate access charges to make them compatible with the deregulatory framework established by the 1996 Act. Such changes are primarily applicable to price-cap companies. The Company's telephone subsidiaries determine interstate revenues under rate of return regulation and are, therefore, only minimally impacted by the access charge reform order. In July 1998, the FCC issued a Notice of Proposed Rulemaking to amend the access charge rules for rate of return companies in a manner similar to that adopted for price cap companies, subject to reviewing whether differences exist between price cap companies and rate of return companies that would require different rules in order to achieve the goal of fostering an efficient, competitive marketplace. The FCC has not yet issued a final ruling on this matter.

In 1998 the FCC created a federal-state joint board to review jurisdictional separations procedures through which the costs of regulated telecommunications services are allocated to the interstate and intrastate jurisdictions. The board has not yet issued its findings.

High-cost support funds, revenue sharing arrangements and related matters. A significant number of the Company's telephone subsidiaries recover a portion of their costs under federal and state cost recovery mechanisms that traditionally have allowed LECs serving small communities and rural areas to provide communications services reasonably comparable to those available in urban areas and at reasonably comparable prices.

The 1996 Act authorized the establishment of new federal and state universal service funds to provide continued support to eligible telecommunications carriers. In May 1997 the FCC adopted an order on universal service, as mandated by the 1996 Act. In the order, the FCC ruled that rural telephone companies which are designated eligible telecommunications carriers will continue to receive universal service funding. Each of the Company's LECs has been so designated by its respective state regulatory agency. As a result, the Company's LECs will continue to receive payments under the federal support mechanisms currently in effect until the FCC adopts funding support mechanisms based on forward-looking economic costs, which it is required to do, but no earlier than January 2001. Although the Company anticipates that it may experience a reduction in its federal support revenues at some point in the future, management believes it is premature to assess or estimate the ultimate impact thereof. There can be no assurance, however, that such impact will not be material. During 1999 and 1998 the Company's telephone subsidiaries received $127.5 million (of which $5.2 million related to the Company's Alaska operations) and $127.6 million (of which $13.4 million related to the Alaska based operations), respectively, from the federal Universal Service Fund, representing 7.6% and 8.1%, respectively, of the Company's consolidated revenues for 1999 and 1998. In addition, the Company's telephone subsidiaries received $19.5 million and $1.5 million in 1999 and 1998, respectively, from intrastate support funds. For additional information, see Item 7 of this report.

As part of its universal service order, the FCC also established new programs to provide discounted telecommunications services annually to schools, libraries and rural health care providers. All communications carriers providing interstate telecommunications services, including the Company's LECs and its cellular and long distance operations, are required to contribute to these programs. The Company's LECs recover their funding contributions in their rates for interstate services. The Company's contribution by its cellular and long distance operations, which is passed on to its customers, was approximately $3.9 million in 1999 and $3.1 million in 1998.

Some of the Company's telephone subsidiaries operate in states where traditional cost recovery mechanisms, including rate structures, are under evaluation or have been modified. See "-State Regulation." There can be no assurance that these states will continue to provide for cost recovery at current levels.

Substantially all of the Company's LECs concur with the common line tariffs and certain of the Company's LECs concur with the traffic sensitive tariffs filed by the NECA; such LECs participate in the access revenue sharing arrangements administered by the NECA for interstate services. All of the intrastate network access revenues of the Company's LECs are based on access charges, cost separation studies or special settlement arrangements. See "-Services."

Certain long distance carriers continue to request that certain of the Company's LECs reduce intrastate access tariffed rates. There is no assurance that these requests will not result in decreased access revenues.

Developments affecting competition. The communications industry continues to undergo fundamental changes which are likely to significantly impact the future operations and financial performance of all communications companies. Primarily as a result of legislative and regulatory initiatives and technological changes, competition has been introduced and encouraged in each sector of the telephone industry, including, most recently, the local exchange sector. As a result, the number of companies offering competitive services has increased substantially.

As indicated above, in February 1996 Congress enacted the 1996 Act, which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. The 1996 Act imposes several duties on a LEC if it receives a specific request from another entity which seeks to connect with or provide services using the LEC's network. In addition, each incumbent LEC is obligated to (i) negotiate interconnection agreements in good faith, (ii) provide "unbundled" access to all aspects of the LEC's network, (iii) offer resale of its telecommunications services at wholesale rates and (iv) permit competitors to collocate its physical plant on the LEC's property, or provide virtual collocation if physical collocation is not practicable. Although the 1996 Act provides certain exemptions for rural LECs such as those operated by the Company, the FCC's August 1996 order implementing most of the 1996 Act's interconnection provisions placed the burden of proving the continuing availability of these exemptions on rural LECs. States are permitted to adopt laws or regulations that provide for greater competition than is mandated under the 1996 Act. Although substantial portions of the FCC's August 1996 interconnection order have survived judicial challenge, the FCC has neither completed its interconnection rulemaking nor issued rules on universal service or access reform. Management believes that competition in its telephone service areas has and will continue to increase as a result of the 1996 Act, although the form and degree of competition cannot be ascertained until such time as the FCC (and, in certain instances, state regulatory commissions) adopts final and nonappealable implementing regulations.

Substantially all of the 20 states in which the Company provides telephone services have taken legislative or regulatory steps to further introduce competition into the LEC business. Largely as a result of these steps and the 1996 Act, several competitive access providers originally organized to provide redundancy or access services have begun, during the past several years, to provide competitive local exchange services, principally in high population areas. Moreover, several well-capitalized long distance, cable television, wireless and electric utility companies, along with several start-up companies, have also begun to provide competitive local exchange services or announced their intention to do so, and this trend is expected to continue. Currently the Company is subject to a limited number of agreements permitting competitors in Wisconsin to purchase from the Company unbundled network elements or wholesale services, and the Company is aware of only a few other companies that have requested authorization to provide local exchange service in the Company's service areas. Over time, however, the Company anticipates that several more companies will request authorization to provide competitive services, especially in its operating areas located near larger urban areas.

In addition to receiving services directly from companies competing with incumbent LECs, long distance companies and other users of toll service are expected to increasingly seek other means to bypass LECs' switching services and local distribution facilities. Certain interexchange carriers provide services which allow users to divert their traffic from LECs' usage-sensitive services to their flat-rate services. In addition, users or long distance companies may construct, modify or lease facilities to transmit traffic directly from a user to a long distance company. Cable television companies, in particular, may be able to modify their networks to partially or completely bypass the Company's local network. Moreover, users may choose to use wireless services to bypass LECs' switching services. Although certain of the Company's telephone subsidiaries have experienced a loss of traffic to such bypass, the impact has thus far not been significant.

Historically, cellular telephone services have complemented traditional LEC services. However, existing and emerging wireless technologies increasingly compete with LEC services in Europe and other parts of the world. The Company anticipates that similar competition may arise in the United States, particularly if wireless service rates continue to drop. Technological and regulatory developments in cellular telephone, personal communications services, digital microwave, coaxial cable, fiber optics, local multipoint distribution services and other wired and wireless technologies are expected to further permit the development of alternatives to traditional landline services. For further information on certain of these developments, see "Wireless Operations - Regulation and Competition."

To the extent that the telephone industry increasingly experiences competition, the size and resources of each respective competitor may increasingly influence its prospects. Many companies currently providing or planning to provide competitive communication services have substantially greater financial and marketing resources than the Company, and several are not subject to the same regulatory constraints as the Company.

The Company anticipates that the traditional operations of LECs will continue to be impacted by continued technological developments as well as legislative and regulatory initiatives affecting the ability of LECs to provide new services and the capability of long distance companies, competitive local exchange providers, wireless companies, cable television companies and others to provide competitive LEC services. Competition relating to services traditionally provided solely by LECs has thus far affected large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company operates. The Company intends to actively monitor these developments, to observe the effect of emerging competitive trends in initial competitive markets and to continue to evaluate new business opportunities that may arise out of future technological, legislative and regulatory developments.

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its telephone operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

WIRELESS OPERATIONS

At December 31, 1999, the Company's cellular holdings represented approximately 9.5 million pops, of which 64% were applicable to MSAs and 36% were RSA pops. According to data derived from published sources, the Company is the ninth largest cellular telephone company in the United States based on the Company's 9.5 million pops.

Cellular Industry

The cellular telephone industry has been in existence for over 15 years in the United States. The industry has grown significantly during this period and cellular service is now available in substantially all areas of the United States. According to the Cellular Telecommunications Industry Association, at September 1999 there were estimated to be over 57.6 million cellular customers across the United States.

Until recently, substantially all radio transmissions of cellular systems were conducted on an analog basis. Technological developments involving the application of digital radio technology offer certain advantages over analog technologies, including expanding the capacity of mobile communications systems, improving voice clarity, permitting the introduction of new services, and making such systems more secure. Providers of certain services competitive with cellular have incorporated digital technology into their operations. In recent years most major cellular carriers have installed digital cellular voice transmission facilities in certain of their systems, principally in larger markets. Digital service is now available in 100% of the Company's MSA markets and approximately a third of its RSA markets. Approximately 5% of the Company's cellular customers currently subscribe to digital services. See "-Regulation and Competition-Developments Affecting Wireless Competition."

Construction and Maintenance

The construction and maintenance of cellular systems is capital intensive. Although all of the Company's MSA and RSA systems have been operational for several years, the Company has continued to add cell sites to increase coverage, provide additional capacity, and improve the quality of these systems. In 1999 the Company completed construction of 109 cell sites in markets operated by the Company. At December 31, 1999, the Company operated 711 cell sites in its majority-owned markets.

Over the past several years the Company has upgraded certain portions of its wireless systems to be capable of providing digital service under the TDMA standard. The Company intends to continue installing digital voice transmission facilities in other markets in 2000. See "-Regulation and Competition-Developments Affecting Wireless Competition." Capital expenditures related to majority-owned and operated wireless systems totaled approximately $58.8 million in 1999. Such capital expenditures for 2000 are anticipated to be approximately $100 million.

Strategy

The Company's business development strategy for its wireless operations is to secure operating control of service areas that are geographically clustered. Clustered systems aid the Company's marketing efforts and provide various operating and service advantages. Approximately 44% of the Company's customers are in a single, contiguous cluster of eight MSAs and nine RSAs in Michigan; another 25% are in a cluster of five MSAs and seven RSAs in northern and central Louisiana, southern Arkansas and eastern Texas. See "-The Company's Cellular Interests."

The Company has also traditionally targeted revenues from roaming service. Roaming service revenues are derived from calls made in one service area by subscribers from other service areas. In exchange for providing roaming service to customers of other cellular carriers, the Company has traditionally charged premium rates to most of these other carriers, who then frequently pass on some or all of these premium rates to their own customers. The Company's Michigan cellular properties include a significant portion of the interstate highway corridor between Chicago and Detroit. Its Louisiana properties include an east-west interstate highway and a north-south interstate highway which intersect in its Louisiana cellular service area. Its Mississippi properties include two east-west interstate highways and two north-south interstate highways. As indicated elsewhere in Items 1 and 7 of this Report, the Company has increasingly received pressure from other cellular operators to reduce its roaming rates. See "-Services, Customers and System Usage."

Marketing

The Company markets its wireless services through several distribution channels, including its direct sales force, retail outlets owned by the Company and independent agents. All sales employees and certain independent agents solicit customers exclusively for the Company. Company sales employees are compensated by salary and commission and independent sales agents are paid commissions. The Company advertises its services through various means, including direct mail, billboard, magazine, radio, television and newspaper advertisements.

The sales and marketing costs of obtaining new subscribers include advertising and a direct expense applicable to most new subscribers, either in the form of a commission payment to an agent or an incentive payment to a direct sales employee. In addition, the Company discounts the cost of cellular telephone equipment, and periodically runs promotions which waive certain fees or provide some amount of free service to new subscribers. The average cost of acquiring each new customer ($258 in 1999) remains one of the larger expenses in conducting the Company's wireless operations. In recent years, the Company has sought to lower this average cost by focusing more on its direct distribution channels. The Company opened its first retail outlet in 1994, and currently operates 128 such outlets. During 1999, approximately 72% of new cellular customers were added through direct distribution channels, up from 37% during 1996.

As indicated further below, most of the Company's cellular markets are located in rural, suburban or small urban areas, and most of its customers typically require only local or regional services. The Company lacks the facilities and national brand name necessary to compete effectively for business customers requiring nationwide services, and the Company does not actively target these customers in its marketing campaigns.

Services, Customers and System Usage

There are a number of different types of cellular telephones, all of which are currently compatible with cellular systems nationwide. The Company sells a full range of vehicle-mounted, transportable, and hand-held portable cellular telephones.

The Company charges its subscribers for access to its systems, for minutes of use and for enhanced services, such as voice mail. A subscriber may purchase certain of these services separately or may purchase rate plans which bundle these services in different ways and are designed to fit different customer requirements. While the Company historically has typically charged its customers separately for custom-calling features, air time in excess of the packaged amount, and toll calls, it currently offers plans which include features such as unlimited toll calls and unlimited weekend calling in certain calling areas. Custom-calling features provided by the Company include call-forwarding, call-waiting, three-way calling and no-answer transfer. The Company offers voice message service in many of its markets. In the Company's markets where digital service is operational, customers can subscribe to caller ID and other digital enhancements.

Cellular customers come from a wide range of occupations and typically include a large proportion of individuals who work outside of their office. In recent years, the individual consumer market has generated a majority of new customer additions. A majority of the Company's net unit additions for 1999 were prepaid customers, who typically use cellular service less than contract customers. The Company's average monthly cellular service revenue per customer declined to $53 in 1999 from $57 in 1998 and $61 in 1997. Such average revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated, (ii) as the Company continues to receive pressure from other cellular operators to reduce roaming rates and (iii) as competitive pressures from current and future wireless communications providers intensify. See "-Regulation and Competition."

The Company has entered into "roaming agreements" nationwide with operators of other cellular systems that permit each company's respective customers to place or receive calls outside of their home market area. The charge to a non-Company customer for this service has traditionally been at premium rates, and is billed by the Company to the customer's service provider, which then bills the customer. In most instances, based on competitive factors and financial considerations, the Company charges an amount to its customers that is equal to or lower than the amount actually charged by the cellular carrier providing the roaming service. In the past couple of years, several large nationwide cellular providers have introduced rate plans that offer roaming coverage (provided through other carriers) at the same rate as service within the customer's home market area. To defray the cost of these plans, these providers have exerted substantial pressure on other cellular providers, including the Company, to reduce their roaming fees. The Company anticipates that competitive factors and industry consolidation will continue to place further pressure on charging premium roaming rates. For additional information on roaming revenue, see "-Strategy."

Roamer fraud, a cellular industry problem, occurs when cellular telephone equipment is programmed to conceal the true identity and location of the user. The Company and the industry have implemented extensive fraud control processes in an attempt to minimize roamer fraud.

Churn rate (the average percentage of cellular customers that terminate service each month) is an industry-wide concern. A significant portion of the churn in the Company's markets is due to the Company disconnecting service to cellular customers for nonpayment of their bills. In addition, the Company faces substantial competition from the other wireless providers, including PCS providers. The Company's average monthly churn rate in its majority-owned and operated markets was 1.90% in 1999 and 2.23% in 1998. The Company is attempting to lower its churn rate by increasing its proactive customer service efforts, offering prepaid service and implementing additional customer retention programs.

During recent years, the Company's cellular subsidiaries experienced strong subscriber growth in the fourth quarter, primarily due to holiday season sales.

The following table summarizes, among other things, certain information about the Company's customers and market penetration:

	Year ended or at December 31,		
	1999	1998	1997
Majority-owned and operated MSA and RSA systems (Note 1):			
Cellular systems operated	42	44	44
Cell sites	711	644	558
Population of systems operated (Note 2)	8,267,140	9,026,150	9,008,219
Customers (Note 3):			
At beginning of period	624,290	569,983	368,233
Gross units added internally	240,084	214,767	193,623
Net effect of property acquisitions/dispositions	(10,563)	-	123,600
Disconnects	146,325	160,460	115,473
At end of period	707,486	624,290	569,983
Market penetration at end of period (Note 4)	8.6%	6.9	6.3
Churn rate (Note 5)	1.90%	2.23	2.31
Average monthly service revenue per customer	$ 53	57	61
Construction expenditures (in thousands)	$ 58,760	57,326	39,107
All operated MSA and RSA systems (Note 6):			
Cellular systems operated	47	51	50
Cell sites	819	758	656
Population of systems operated (Note 2)	9,300,157	10,312,145	10,124,759
Customers at end of period (Note 7)	774,708	689,352	632,446
Market penetration at end of period (Note 8)	8.3%	6.7	6.2
Churn rate (Note 5)	1.90%	2.34	2.33

For additional information, see "- the Company's Cellular Interest."

Notes:

1. Represents the number of systems in which the Company owned at least a 50% interest.
   The revenues and expenses of these markets, all of which are operated by the Company, are included in the Company's consolidated operating revenues and operating expenses.
2. Based on independent third-party population estimates for each respective year.
3. Represents the approximate number of revenue-generating cellular telephones served by the cellular systems referred to in note 1.
4. Computed by dividing the number of customers at the end of the period by the total population of systems referred to in note 1.
5. Represents the average percentage of customers that are disconnected on a monthly basis.
6. Represents the total number of systems that the Company operated, including systems in which it does not own a majority interest.
7. Represents the approximate number of revenue-generating cellular telephones served by the cellular systems referred to in note 6.
8 Computed by dividing the number of customers at the end of the period by the total population of systems referred to in note 6.

The Company's Cellular Interests

The Company obtained the right to provide cellular service through (i) the FCC's licensing process described below, under which it received interests in wireline licenses, and (ii) its acquisition program, under which it has acquired interests in both wireline and non-wireline licenses. The table below sets forth certain information with respect to the interests in cellular systems that the Company owned as of December 31, 1999:

	1999 population (Note 1)	Ownership percentage	The Company's pops at 12/31/99	Other cellular operator (Note 2)
Majority-owned and operated MSAs				
Pine Bluff, AR	81,087	100.00%	81,087	SBC
Texarkana, AR/TX	136,607	89.00	121,580	AT&T
Alexandria, LA	146,132	100.00	146,132	Centennial
Monroe, LA	147,187	87.00	128,053	AT&T
Shreveport, LA	378,708	87.00	329,476	AT&T
Battle Creek, MI	196,172	97.00	190,287	Centennial
Benton Harbor, MI	159,862	97.00	155,066	Centennial
Grand Rapids, MI	775,514	97.00	752,249	AirTouch
Jackson, MI	156,597	97.00	151,899	Centennial
Kalamazoo, MI	305,639	97.00	296,470	Centennial
Lansing-E. Lansing, MI	511,601	97.00	496,253	AirTouch
Muskegon, MI	192,189	97.00	186,423	AirTouch
Saginaw-Bay City-Midland, MI	401,279	91.70	367,973	AirTouch
Biloxi-Gulfport, MS (Note 4)	233,535	96.45	225,247	Cellular South
Jackson, MS (Note 4)	432,626	90.22	390,307	MCTA
Pascagoula, MS (Note 4)	132,013	89.22	117,785	Cellular South
Appleton-Oshkosh-Neenah, WI	502,946	98.85	497,151	U.S. Cellular
Eau Claire, WI	144,180	55.50	80,020	American Cellular
LaCrosse, WI	102,756	95.00	97,618	U. S. Cellular
	5,136,630		4,811,076	

	1999 population (Note 1)	Ownership percentage	The Company's pops at 12/31/99	Other cellular operator (Note 2)
Minority-owned MSAs (Note 3)				
Little Rock, AR	560,035	36.00%	201,613	
Lafayette, LA	267,665	49.00	131,156	
Detroit, MI	4,793,037	3.20	153,281	
Flint, MI	508,681	3.20	16,268	
Rochester, MN	117,605	2.93	3,446	
Austin, TX	1,047,906	35.00	366,767	
Dallas-Ft. Worth, TX	4,791,968	0.50	23,960	
Sherman-Denison, TX	103,883	0.50	519	
Madison, WI	731,747	9.78	71,558	
Milwaukee, WI	1,982,586	17.96	356,132	
	14,905,113		1,324,700	
Total MSAs	20,041,743		6,135,776	

	1999 population (Note 1)	Ownership percentage	The Company's pops at 12/31/99	Other cellular operator (Note 2)
Operated RSAs				
Alaska 1 (Notes 4 and 5)	84,030	100.00%	84,030	Mactel
Arkansas 2	87,446	82.00	71,706	SBC
Arkansas 3	103,223	82.00	84,643	SBC
Arkansas 11	65,978	89.00	58,720	SBC
Arkansas 12	184,509	80.00	147,607	SBC
Louisiana 1	111,793	87.00	97,260	AT&T
Louisiana 2	115,094	87.00	100,132	AT&T
Louisiana 3 B2	95,481	87.00	83,068	Centennial
Louisiana 4	73,521	100.00	73,521	Centennial
Michigan 1	195,725	100.00	195,725	American Cellular
Michigan 2	113,600	100.00	113,600	RFB
Michigan 3	166,110	42.84	71,162	Unitel
Michigan 4	135,736	100.00	135,736	RFB
Michigan 5	161,964	42.84	69,386	Unitel
Michigan 6	142,327	98.00	139,480	Centennial
Michigan 7	246,257	56.07	138,078	Centennial
Michigan 8	102,585	97.00	99,507	Allegan Cellular
Michigan 9	300,375	43.38	130,303	Centennial
Mississippi 2 (Note 4)	251,413	100.00	251,413	Bell South Mobility
Mississippi 5 (Note 4)	159,581	100.00	159,581	Bell South Mobility
Mississippi 6 (Note 4)	183,267	100.00	183,267	Cellular South
Mississippi 7 (Note 4)	180,604	100.00	180,604	MCTA
Texas 7 B6	58,077	89.00	51,689	AT&T
Wisconsin 1	113,547	42.21	47,925	American Cellular
Wisconsin 2	85,261	99.00	84,408	American Cellular
Wisconsin 6	117,433	57.14	67,105	U.S. Cellular
Wisconsin 7	291,021	22.70	66,067	U.S. Cellular
Wisconsin 8	237,569	84.00	199,558	U.S. Cellular
	4,163,527		3,185,281	

Non-operated RSAs (Note 3)

Michigan 10	136,826	26.00	35,575
Minnesota 7	171,191	2.93	5,016
Minnesota 8	66,387	2.93	1,945
Minnesota 9	132,143	2.93	3,872
Minnesota 10	231,484	2.93	6,782
Minnesota 11	206,924	2.93	6,063
Texas 16	338,202	9.60	32,467
Washington 5	61,319	8.47	5,195
Washington 8	137,389	7.36	10,106
Wisconsin 3	141,986	42.86	60,851
Wisconsin 4	121,287	25.00	30,322
Wisconsin 10	129,462	22.50	29,129
	1,874,600		227,323
Total RSAs	6,038,127		3,412,604
	26,079,870		9,548,380

Notes:

1. Based on 1999 independent third-party population estimates.
2. Information provided to the best of the Company's knowledge. There is also at least one PCS competitor in each of the operated MSAs and certain of the operated RSAs.
3. Markets not operated by the Company.
4. Represents a non-wireline interest.
5. The Company sold its entire interest in this market in February 2000.

Operations

A substantial number of the cellular systems in MSAs operated by the Company are owned by limited partnerships in which the Company is a general partner ("MSA Partnerships"). Most of these partnerships are governed by partnership agreements with similar terms, including, among other things, customary provisions concerning capital contributions, sharing of profits and losses, and dissolution and termination of the partnership. Most of these partnership agreements vest complete operational control of the partnership with the general partner. The general partner typically has the power to manage, supervise and conduct the affairs of the partnership, make all decisions appropriate in connection with the business purposes of the partnership, and incur obligations and execute agreements on behalf of the partnership. The general partner also may make decisions regarding the time and amount of cash contributions and distributions, and the nature, timing and extent of construction, without the consent of the other partners. The Company owns more than 50% of all of the MSA Partnerships.

A substantial number of the cellular systems in RSAs operated by the Company are also owned by limited or general partnerships in which the Company is either the general or managing partner (the "RSA Partnerships"). These partnerships are governed by partnership agreements with varying terms and provisions. In many of these partnerships, the noncontrolling partners have the right to vote on major issues such as the annual budget and system design. In a few of these partnerships, the Company's management position is for a limited term (similar to a management contract) and the other partners in the partnership have the right to change managers, with or without cause. The Company owns less than 50% of some of the RSA Partnerships.

The partnership agreements for both the MSA Partnerships and RSA Partnerships generally contain provisions granting all partners a right of first refusal in the event a partner desires to transfer a partnership interest. This restriction on transfer can under certain circumstances make these partnership interests more difficult to sell to a third party.

PCS Operations

The Company holds licenses to provide personal communication services ("PCS") in 54 Basic Trading Areas in 12 states. The Company's ownership interests in these trading areas represents approximately 9.9 million pops. In late 1998, the Company commenced marketing PCS services in a limited number of its Michigan markets as a fixed wireless alternative to wireline local telephone services. At December 31, 1999, the Company had approximately 670 PCS customers located principally in three of its larger PCS Michigan markets.

Revenue

The following table reflects the major revenue categories for the Company's wireless operations as a percentage of wireless operating revenues in 1999, 1998 and 1997. Virtually all of these revenues were derived from cellular operations.

	1999	1998	1997
Access fees and toll revenues	72.2%	74.2	78.2
Roaming	25.2	23.6	20.0
Equipment sales	2.6	2.2	1.8
	100.0%	100.0	100.0

For further information on these revenue categories, see "-Services, Customers and System Usage."

Regulation and Competition

As discussed below, the FCC and various state public utility commissions regulate, among other things, the licensing, construction, operation, interconnection arrangements, sale and acquisition of cellular telephone systems.

Competition between providers of wireless communications service in each market is conducted principally on the basis of price, services and enhancements offered, the technical quality and coverage of the system, and the quality and responsiveness of customer service. As discussed below, competition has intensified in recent years in a substantial number of the Company's markets. Under applicable law, the

Company is required to permit the reselling of its services. In certain larger markets and in certain market segments, competition from resellers may be significant. There is also substantial competition for sales agents. Certain of the Company's competitors have substantially greater assets and resources than the Company.

Cellular licensing process. The term "MSA" means a Metropolitan Statistical Area for which the FCC has granted a cellular operating license. The term "RSA" means a Rural Service Area for which the FCC has granted a cellular operating license. During the 1980's and early 1990's, the FCC awarded two 10-year licenses to provide cellular service in each MSA and RSA market. Initially, one license was reserved for companies offering local telephone service in the market (the wireline carrier) and one license was available for firms unaffiliated with the local telephone company (the non-wireline carrier). Since mid-1986, the FCC has permitted telephone companies or their affiliates to acquire control of non-wireline licenses in markets in which they do not hold interests in the wireline license. The FCC has issued a decision that grants a renewal expectancy during the license renewal period to incumbent licensees that substantially comply with the terms and conditions of their cellular authorizations and the FCC's regulations. The licenses for the MSA markets operated by the Company were initially granted between 1984 and 1987, and licenses for operated RSAs were initially granted between 1989 and 1991. Thus far, the Company has received 10-year extensions of all of its licenses that have become subject to renewal since their original grant dates.

The completion of an acquisition involving the transfer of control of a cellular system requires prior FCC approval and, in certain cases, receipt of other federal and state regulatory approvals. The acquisition of a minority interest generally does not require FCC approval. Whenever FCC approval is required, any interested party may file a petition to dismiss or deny the application for approval of the proposed transfer.

In addition to regulation by the FCC, cellular systems are subject to certain Federal Aviation Administration tower height regulations concerning the siting and construction of cellular transmitter towers and antennas.

Cellular operators are also subject to state and local regulation in some instances. Although the FCC has pre-empted the states from exercising jurisdiction in the areas of licensing, technical standards and market structure, certain states require cellular operators to be certified. In addition, some state authorities regulate certain aspects of a cellular operator's business, including certain aspects of pricing, the resale of long distance service to its customers, the technical arrangements and charges for interconnection with the landline network, and the transfer of interests in cellular systems. The siting and construction of the cellular facilities may also be subject to state or local zoning, land use and other local regulations.

Developments affecting wireless competition. Competition in the wireless communications industry has increased substantially in recent years due to continued and rapid technological advances in the communications field, coupled with legislative and regulatory changes.

Several FCC initiatives over the past decade have resulted in the allocation of additional radio spectrum or the issuance of licenses for emerging mobile communications technologies that are competitive with the Company's cellular and telephone operations, including PCS. Although there is no universally recognized definition of PCS, the term is generally used to refer to wireless services to be provided by licensees operating in the 1850 MHz to 1990 MHz radio frequency band using microcells and high-capacity digital technology. In 1996 and early 1997 the FCC auctioned up to six PCS licenses per market. Two 30MHz frequency blocks were awarded for each of the 51 Rand McNally Major Trading Areas ("MTAs"), while one 30MHz and three 10MHz frequency blocks were awarded for each of the 493 Rand McNally Basic Trading Areas ("BTAs").

PCS technology permits PCS operators to offer wireless voice, data, image and multimedia services. The largest PCS providers commenced initial operations in late 1996 and since then have aggressively expanded their operations. These providers have initially focused on larger markets, and have generally marketed PCS as being a competitive service to cellular. Many of these companies have aggressively competed for customers on the basis of price, which has placed downward pressure on cellular prices. There is at least one PCS competitor in each of the Company's operated MSAs and certain of its operated RSAs.

In addition to PCS, current and prospective users of cellular systems may find their communication needs satisfied by other current and developing technologies. Several years ago the FCC authorized the licensees of certain specialized mobile radio service ("SMR") systems (which historically have generally been used by taxicabs and tow truck operators) to configure their systems into digital networks that operate in a manner similar to cellular systems. Such systems are commonly referred to as enhanced specialized mobile radio service ("ESMR") systems. The Company believes that ESMR systems are operating in a few of its cellular markets. One well-established ESMR provider has constructed a nationwide digital mobile communications system to compete with cellular systems. Other similar communication services that have the technical capability to handle wireless telephone calls may provide competition in certain markets, although these services currently lack the subscriber capacity of cellular systems. Paging or beeper services that feature text message and data display as well as tones may be adequate for potential subscribers who do not need to converse directly with the caller. Mobile satellite systems, in which transmissions are between mobile units and satellites, may ultimately be successful in obtaining market share from cellular systems that communicate directly to land-based stations.

In recent years, several large cellular providers have merged with other companies or formed joint ventures. Several of these joint ventures pooled their resources to develop extensive PCS systems. Many current or potential competitors of the Company have substantially greater financial and marketing resources than the Company.

Although it is uncertain how PCS, SMR, ESMR, mobile satellites and other emerging technologies will ultimately affect the Company, the Company anticipates that it will continue to face increased competition in its operating markets. However, management believes that providing digital services and applying new microcellular technologies will permit its cellular systems to provide services comparable with the emerging technologies described above, although no assurances can be given that this will happen or that future technological advances or legislative or regulatory changes will not create additional sources of competition.

OTHER OPERATIONS

The Company provides long distance, security monitoring, competitive local exchange services, broadband, call center, cable television and interactive services in certain local and regional markets, as well as certain printing and related services. The results of these operations, which accounted for 6.7% and 4.3%, respectively, of the Company's consolidated revenues and operating income during 1999, are reflected for financial reporting purposes in the "Other operations" section in operating income.

Long distance. In 1996 the Company began marketing long distance service in all of its equal access telephone operating areas. At December 31, 1999, the Company provided long distance services to approximately 303,000 customers. Approximately 74% of the Company's long distance revenues are derived from service provided to residential customers. Although the Company owns and operates long distance switches in LaCrosse, Wisconsin and San Marcos, Texas, it anticipates that most of its future long distance service revenues will be provided by reselling service purchased from other facilities-based long distance providers. The Company intends to continue to expand its long distance business, principally through reselling arrangements.

Security monitoring. The Company offers 24-hour burglary and fire monitoring services to approximately 6,900 customers in select markets in Louisiana, Arkansas, Mississippi, Texas and Ohio.

Competitive local exchange services. During the second quarter of 2000, the Company plans to begin offering competitive local exchange telephone services, coupled with long distance, wireless, Internet access and other Company services, to small to medium-sized businesses in Shreveport, Louisiana. The Company currently plans to target a total of ten initial new markets by year end 2000, and has budgeted $20 million of capital expenditures for 2000 to construct competitive local exchange networks. The Company expects to incur an operating loss in 2000 of approximately $4.0-$6.0 million in connection with providing these services.

Broadband. In connection with its long-range plans to sell capacity to other carriers in or near certain of its select markets, the Company expects to complete construction by mid-year 2000 of a 650- to 700-mile fiber optic ring connecting several communities in southern and central Michigan. The Company expects to begin providing initial network services by the third quarter 2000.

Call center. Over the past several years, the Company has provided certain operator services for retail and wholesale markets. In January 2000, the Company announced that it would close its call center operations by the second quarter of 2000.

Other. The Company also provides audiotext services; printing, database management and direct mail services; and cable television services. The Company is also in the process of developing deployment plans for 36 Local Multipoint Distribution System licenses acquired during the past two years, some of which may be used to assist the Company in providing competitive local exchange services, as discussed above. From time to time the Company also makes investments in other domestic or foreign communications companies, the most significant of which to date is a minority investment in a start-up Internet service provider in India.

Certain service subsidiaries of the Company provide installation and maintenance services, materials and supplies, and managerial, technical, accounting and administrative services to the telephone and wireless operating subsidiaries. In addition, the Company provides and bills management services to subsidiaries and in certain instances makes interest-bearing advances to finance construction of plant, purchases of equipment or acquisitions of other businesses. These transactions are recorded by the Company's regulated telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Such intercompany profit is reflected in operating income in "Other operations".

FORWARD-LOOKING STATEMENTS

This report on Form 10-K and other documents filed by the Company under the federal securities laws include, and future oral or written statements or press releases of the Company and its management may include, certain forward-looking statements, including without limitation statements with respect to the Company's anticipated future operating and financial performance (including the impact of pending acquisitions), financial position and liquidity, growth opportunities and growth rates, business prospects, regulatory and competitive outlook, investment and expenditure plans, investment results, financing opportunities and sources (including the impact of financings on the Company's financial position, financial performance or credit ratings), pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," "estimates," "should," and "may," and variations thereof and similar expressions. Such forward-looking statements are inherently speculative and are based upon several assumptions concerning future events, many of which are outside of the Company's control. The Company's forward-looking statements, and the assumptions upon which such statements are based, are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. These uncertainties include but are not limited to those set forth below:

- the effects of ongoing deregulation in the telecommunications industry as a result of the 1996 Act and other similar federal and state legislation and federal and state regulations enacted thereunder, including without limitation (i) greater than anticipated interconnection requests or competition in the Company's predominately rural local exchange telephone markets resulting therefrom, (ii) greater than anticipated reductions in revenues received from the Universal Service Fund or other current or future federal and state support funds designed to compensate LECs that provide services in high-cost markets, (iii) the final outcome of regulatory and judicial proceedings with respect to interconnection agreements and access charge reforms and (iv) future judicial or regulatory actions taken in response to the 1996 Act.

- the effects of greater than anticipated competition from PCS, SMR, ESMR, mobile satellites or other wireless companies, including without limitation competition requiring new pricing or marketing strategies or new product offerings, and the attendant risk that the Company will not be able to respond on a timely or profitable basis.

- possible changes in the demand for the Company's products and services, including without limitation (i) lower than anticipated demand for traditional or premium telephone services or for additional access lines per household, (ii) lower than anticipated demand for wireless telephone services, whether caused by changes in economic conditions, technology, competition, health concerns or otherwise, (iii) lower than anticipated demand for the Company's digital subscriber line Internet access services and (iv) reduced demand for the Company's access or billing and collection services.

- the Company's ability to successfully introduce new offerings on a timely and cost-effective basis, including without limitation the Company's ability to (i) expand successfully its long distance and Internet offerings to new markets (including those to be acquired in connection with future acquisitions), (ii) offer bundled service packages on terms attractive to its customers and (iii) successfully initiate competitive local exchange, PCS and data services in its targeted markets.

- the risks inherent in rapid technological change, including without limitation (i) the lack of assurance that the Company's ongoing wireless network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks, (ii) technological developments that could make the Company's analog and digital wireless networks uncompetitive or obsolete. such as the risk that the Time Division Multiple Access digital technology used by the Company will be uncompetitive with existing or future technologies, and (iii) the risk that technologies will not be developed by the Company on a timely or cost-effective basis or perform according to expectations.

- the Company's ability to timely consummate its pending acquisitions and effectively manage its growth, including without limitation the Company's ability to (i) integrate newly-acquired operations into the Company's operations, (ii) attract and retain technological and other key personnel to work at the Company's Monroe, Louisiana headquarters or regional offices, (iii) achieve projected economies of scale and cost savings, (iv) meet pro forma cash flow projections developed by management in valuing newly-acquired businesses, (v) upgrade its billing and other information systems and (vi) otherwise monitor its operations, costs, regulatory compliance, and service quality and maintain other necessary internal controls.

- regulatory limits on the Company's ability to change its prices for telephone services in response to competitive pressures.

- any difficulties in the Company's ability to expand through attractively priced acquisitions, whether caused by financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers.

- higher than anticipated wireless operating costs due to churn or to fraudulent uses of the Company's networks, or lower than anticipated wireless revenues due to reduced roaming fees.

- the lack of assurance that the Company can compete effectively against better-capitalized competitors.

- the future unavailability of SFAS 71 to the Company's telephone subsidiaries.

- the effects of more general factors, including without limitation:

. changes in general industry and market conditions and growth rates
. changes in interest rates or other general national, regional or local economic conditions
. changes in legislation, regulation or public policy, including changes in federal rural financing programs
. unanticipated increases in capital, operating or administrative costs, or the impact of new business opportunities requiring significant up-front investments
. the continued availability of financing in amounts, and on terms and conditions, necessary to support the Company's operations
. changes in the Company's relationships with vendors
. changes in the Company's senior debt ratings

. unfavorable outcomes of regulatory or legal proceedings, including rate proceedings and environmental proceedings

. losses or unfavorable returns on the Company's investments in other communications companies

. delays in the construction of the Company's networks

. changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles.

For additional information, see the description of the Company's business included above, as well as Item 7 of this report. Due to these uncertainties, you are cautioned not to place undue reliance upon the Company's forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update or revise any of its forward-looking statements for any reason.

OTHER MATTERS

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 1999 have not been material and the Company currently has no reason to believe that such costs will become material.

For additional information concerning the business and properties of the Company, see notes 3, 5, 11, 14, 18 and 20 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein.

Item 2. Properties.

The Company's properties consist principally of (i) telephone lines, central office equipment, telephone instruments and related equipment, and land and buildings related to telephone operations, and (ii) switching and cell site equipment related to cellular telephone operations. As of December 31, 1999 and 1998, the Company's gross property, plant and equipment of approximately $4.2 billion and $4.3 billion, respectively, consisted of the following:

	December 31,	
	1999	1998
Telephone operations		
Cable and wire	45.4%	47.7
Central office equipment	27.4	27.9
General support	5.9	6.3
Information origination/termination equipment	1.4	1.7
Construction in progress	1.9	1.5
Other	.2	.2
	82.2	85.3
Wireless operations		
Cell sites	8.4	7.6
General support	2.3	1.9
Construction in progress	.4	.6
Other	.1	.1
	11.2	10.2
Other	6.6	4.5
	100.0%	100.0

"Cable and wire" facilities consist primarily of buried cable and aerial cable, poles, wire, conduit and drops. "Central office equipment" consists primarily of switching equipment, circuit equipment and related facilities. "General support" consists primarily of land, buildings, tools, furnishings, fixtures, motor vehicles and work equipment. "Information origination/termination equipment" consists primarily of premise equipment (private branch exchanges and telephones) for official company use. "Cell sites" consist primarily of radio frequency channel equipment, switching equipment and towers. "Construction in progress" includes property of the foregoing categories that has not been placed in service because it is still under construction.

Most of the properties of the Company's telephone subsidiaries are subject to mortgages securing the debt of such companies. The Company owns substantially all of the central office buildings, local administrative buildings, warehouses, and storage facilities used in its telephone operations. The Company leases most of the offices used in its wireless operations; certain of its transmitter sites are leased while others are owned by the Company. For further information on the location and type of the Company's properties, see the descriptions of the Company's telephone and wireless operations in Item 1.

Item 3. Legal Proceedings.

From time to time, the Company is involved in litigation incidental to its business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. Currently, there are no material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant

Information concerning Executive Officers, set forth at Item 10 in Part III hereof, is incorporated in Part I of this Report by reference.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

CenturyTel's common stock is listed on the New York Stock Exchange and is traded under the symbol CTL. The following table sets forth the high and low sale prices, along with the quarterly dividends, for each of the quarters indicated:

	Sale prices		Dividend per
	High	Low	common share
1999:			
First quarter	$ 49	40-1/16	.0450
Second quarter	$ 47-5/8	35-1/8	.0450
Third quarter	$ 43-7/8	38-1/4	.0450
Fourth quarter	$ 48-3/4	37-9/16	.0450
1998:			
First quarter	$ 27-3/8	21-9/16	.0433
Second quarter	$ 33-5/16	27-1/16	.0433
Third quarter	$ 35-1/8	29-15/16	.0433
Fourth quarter	$ 45-3/16	30-1/16	.0433

Common stock dividends during 1999 and 1998 were paid each quarter. As of February 29, 2000, there were approximately 6,000 stockholders of record of CenturyTel's common stock.

Item 6. Selected Financial Data.

The following table presents certain selected consolidated financial data as of and for each of the years ended in the five-year period ended December 31, 1999:

Selected Income Statement Data

	Year ended December 31,				
	1999	1998	1997	1996	1995
	(Dollars, except per share amounts, and shares expressed in thousands)				
Operating revenues					
Telephone	$ 1,142,593	1,091,610	530,597	451,538	419,242
Wireless	422,269	407,827	307,742	250,243	197,494
Other	111,807	77,648	63,182	47,896	28,104
Total operating revenues	$ 1,676,669	1,577,085	901,521	749,677	644,840
Operating income					
Telephone	$ 352,357	333,708	173,285	155,183	143,527
Wireless	133,930	129,124	87,772	67,899	56,998
Other	21,782	16,979	6,713	214	2,394
Total operating income	$ 508,069	479,811	267,770	223,296	202,919
Gain on sale or exchange of assets, net (pre-tax)	$ 62,808	49,859	169,640	815	6,782
Net income	$ 239,769	228,757	255,978	129,077	114,776
Basic earnings per share	$ 1.72	1.67	1.89	.96	.89
Diluted earnings per share	$ 1.70	1.64	1.87	.95	.87
Dividends per common share	$ .18	.173	.164	.16	.147
Average basic shares outstanding	138,848	137,010	134,984	133,400	129,662
Average diluted shares outstanding	141,432	140,105	137,412	135,980	132,456

Selected Balance Sheet Data

	December 31,				
	1999	1998	1997	1996	1995
	(Dollars in thousands)				
Net property, plant and equipment	$ 2,256,458	2,351,453	2,258,563	1,149,012	1,047,808
Excess cost of net assets acquired, net	$ 1,644,884	1,956,701	1,767,352	532,410	493,655
Total assets	$ 4,705,407	4,935,455	4,709,401	2,028,505	1,862,421
Long-term debt	$ 2,078,311	2,558,000	2,609,541	625,930	622,904
Stockholders' equity	$ 1,847,992	1,531,482	1,300,272	1,028,153	888,424

The following table presents certain selected consolidated operating data as of the end of each of the years in the five-year period ended December 31, 1999:

	Year ended December 31,				
	1999	1998	1997	1996	1995
Telephone access lines	1,272,867	1,346,567	1,203,650	503,562	480,757
Wireless units in service in majority-owned markets	707,486	624,290	569,983	368,233	290,075
Long distance customers	303,722	226,730	171,962	110,560	46,608

See Items 1 and 2 in Part I and notes 1, 5 and 11 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein for additional information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

OVERVIEW

CenturyTel, Inc. and its subsidiaries (the "Company") is a regional diversified communications company engaged primarily in providing local exchange telephone services and wireless communications services. At December 31, 1999, the Company's local exchange telephone subsidiaries operated over 1.27 million telephone access lines primarily in rural, suburban and small urban areas in 20 states, and the Company's majority-owned and operated wireless entities had more than 707,000 subscribers. On December 1, 1998, the Company acquired from affiliates of Ameritech Corporation ("Ameritech") telephone and directory operations serving approximately 86,000 access lines in northern and central Wisconsin for approximately $221 million cash. On December 1, 1997, the Company significantly expanded its operations by acquiring Pacific Telecom, Inc. ("PTI") for $1.503 billion cash and assumed PTI's debt of approximately $725 million. As a result of this acquisition, the Company acquired (i) over 660,000 telephone access lines, (ii) over 88,000 cellular subscribers and (iii) various wireless, cable television and other communications assets. The operations of the Ameritech and PTI properties are included in the Company's results of operations beginning on the respective dates of acquisition. See Acquisitions and Note 11 of Notes to Consolidated Financial Statements for additional information. During the three years ended December 31, 1999, the Company has acquired various other telephone, wireless and other operations, the impact of which has not been material to the financial position or results of operations of the Company.

On May 14, 1999, the Company sold substantially all of its Alaska-based operations serving approximately 134,900 telephone access lines and 3,000 cellular subscribers. On June 1, 1999, the Company sold the assets of its Brownsville and McAllen, Texas cellular operations serving approximately 7,500 cellular subscribers. The operations of these disposed properties are included in the Company's results of operations up to the respective dates of disposition.

The net income of the Company for 1999 was $239.8 million, compared to $228.8 million during 1998 and $256.0 million during 1997. Diluted earnings per share for 1999 were $1.70 compared to $1.64 in 1998 and $1.87 in 1997. The Company's net income (and diluted earnings per share) from recurring operations for 1999, 1998 and 1997 was $238.3 million ($1.69), $198.2 million ($1.42), and $149.6 million ($1.09), respectively.

Year ended December 31,	1999	1998	1997
	(Dollars, except per share amounts, and shares in thousands)		
Operating income			
Telephone	$ 352,357	333,708	173,285
Wireless	133,930	129,124	87,772
Other	21,782	16,979	6,713
	508,069	479,811	267,770
Gain on sale or exchange of assets, net	62,808	49,859	169,640
Interest expense	(150,557)	(167,552)	(56,474)
Income from unconsolidated cellular entities	27,675	32,869	27,794
Minority interest	(27,913)	(12,797)	(5,498)
Other income and expense	9,190	5,268	5,109
Income tax expense	(189,503)	(158,701)	(152,363)
Net income	$ 239,769	228,757	255,978
Basic earnings per share	$ 1.72	1.67	1.89
Diluted earnings per share	$ 1.70	1.64	1.87
Average basic shares outstanding	138,848	137,010	134,984
Average diluted shares outstanding	141,432	140,105	137,412

Contributions to operating revenues and operating income by the Company's telephone, wireless and other operations for each of the years in the three-year period ended December 31, 1999 were as follows:

Year ended December 31,	1999	1998	1997
Operating revenues			
Telephone operations	68.1%	69.2	58.9
Wireless operations	25.2%	25.9	34.1
Other operations	6.7%	4.9	7.0
Operating income			
Telephone operations	69.3%	69.6	64.7
Wireless operations	26.4%	26.9	32.9
Other operations	4.3%	3.5	2.4

As a result of the Company's December 1997 acquisition of PTI, the percentage of the Company's total operating revenues and operating income contributed by its telephone operations significantly increased during 1998.

In addition to historical information, management's discussion and analysis includes certain forward-looking statements regarding events and financial trends that may affect the Company's future operating results and financial position. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: the effects of ongoing deregulation in the telecommunications industry; the effects of greater than anticipated competition in the Company's markets; possible changes in the demand *for the Company's products and services; the Company's ability to successfully introduce new offerings on a timely and cost-effective basis; the risks inherent in rapid technological change; the Company's ability to timely consummate its pending acquisitions and effectively manage its growth, including integrating newly acquired properties into the Company's operations, hiring adequate numbers of qualified staff and successfully upgrading its billing and other information systems; and the effects of more general factors such as changes in general market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any of its forward-looking statements for any reason.*

TELEPHONE OPERATIONS

The Company conducts its telephone operations in rural, suburban and small urban communities in 20 states. As of December 31, 1999, approximately 84% of the Company's 1.27 million access lines were in Wisconsin, Washington, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana. The operating revenues, expenses and income of the Company's telephone operations for 1999, 1998 and 1997 are summarized below.

Year ended December 31,		1999	1998	1997
			(Dollars in thousands)	
Operating revenues				
Local service	$	353,534	331,736	147,589
Network access		654,003	629,583	319,301
Other		135,056	130,291	63,707
		1,142,593	1,091,610	530,597
Operating expenses				
Plant operations		262,864	245,164	110,220
Customer operations		91,077	92,552	50,819
Corporate and other		160,819	157,293	80,551
Depreciation and amortization		275,476	262,893	115,722
		790,236	757,902	357,312
Operating income	$	352,357	333,708	173,285

Local service revenues

Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Of the $21.8 million (6.6%) increase in local service revenues in 1999, $21.1 million was due to the acquisition of the Ameritech properties which was more than offset by a $22.8 million decrease attributable to the sale of the Company's Alaska based operations. The remaining $23.5 million increase was due to a $15.6 million increase due to an internal growth in the number of customer access lines and a $4.1 million increase due to the increased provision of custom calling features. The $184.1 million (124.8%) increase in such revenues in 1998 included $171.0 million from acquired properties, of which $169.2 million was from the PTI properties; $10.7 million due to an internal growth in the number of customer access lines and a $3.0 million increase due to the increased provision of custom calling features. Internal access line growth during 1999, 1998 and 1997 was 4.8%, 4.7% and 4.4%, respectively.

Network access revenues

Network access revenues are primarily derived from the charges to long distance companies and other customers for access to the Company's local exchange carrier ("LEC") networks in connection with the completion of long distance telephone calls. These access charges are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges filed directly with the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other LECs administered by the National Exchange Carrier Association. Intrastate network access revenues are based on access charges or are derived under revenue sharing arrangements with other LECs.

Network access revenues increased $24.4 million (3.9%) in 1999 and $310.3 million (97.2%) in 1998 due to the following factors:

	1999 increase (decrease)	1998 increase (decrease)
	(Dollars in thousands)	
PTI acquisition	$ -	278,471
Increased recovery from the federal Universal Service Fund ("USF")	8,193	8,329
Acquisitions, excluding PTI	17,645	1,013
Disposition of Alaska properties	(39,985)	-
Partial recovery of increased operating costs through revenue sharing arrangements with other telephone companies, increased minutes of use, increased recovery from state support funds and return on rate base	19,524	19,286
Revision of prior year revenue settlement agreements	15,944	618
Other, net	3,099	2,565
	$ 24,420	310,282

Other revenues

Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring ("CPE services"), (ii) providing billing and collection services for long distance carriers, (iii) participating in the publication of local directories and (iv) providing Internet access. Of the $4.8 million increase in other revenues in 1999, $5.0 million was attributable to the Ameritech properties. Such increase was more than offset by a $12.0 million decrease due to the sale of the Alaska properties. The remaining increase of $11.8 million was primarily due to a $5.0 million and $6.4 million increase from the provision of Internet access and CPE services, respectively. Other revenues increased $66.6 million in 1998, which included $60.7 million due to acquisitions. The remainder of the increase in 1998 was due to a $3.9 million increase from the provision of Internet access and a $3.5 million increase from the provision of CPE services.

Operating expenses

Plant operations expenses during 1999 and 1998 increased $17.7 million (7.2%) and $134.9 million (122.4%), respectively. Of the $17.7 million increase in 1999, $13.2 million was attributable to the properties acquired from Ameritech, which was more than offset by a $23.7 million decrease due to the sale of the Alaska properties. The remaining $28.2 million increase was primarily due to a $7.4 million increase in access expenses primarily due to changes in revenue settlement methods of certain telephone subsidiaries in a limited number of states; a $5.6 million increase in repair and maintenance expenses; a $5.6 million increase in engineering and network expenses and a $2.0 million increase in expenses associated with providing Internet access. Expenses incurred by the PTI and Ameritech operations in 1998 accounted for $120.4 million of the 1998 increase. The remainder of the increase in 1998 was primarily due to an increase in salaries and benefits.

Customer operations, corporate and other expenses increased $2.1 million (.8%) in 1999 and $118.5 million (90.2%) in 1998. The Ameritech properties contributed $12.5 million of the 1999 increase. Such increase was more than offset by a $19.8 million decrease due to the sale of the Alaska properties. The remaining $9.4 million increase in 1999 was primarily due to a $6.5 million increase in contract labor expenses attributable to readying the Company's systems to be Year 2000 compliant; a $2.8 million increase in expenses associated with the provision of CPE services and a $3.0 million increase in the provision for doubtful accounts. Such increases in 1999 were partially offset by a $5.9 million decrease in salaries and benefits primarily due to a decrease in the number of non-operational personnel. Of the $118.5 million increase in 1998, $110.7 million was applicable to the PTI properties. Exclusive of acquisitions, the remainder of the 1998 increase was due to a $4.3 million increase in salaries and benefits and a $2.0 million increase in marketing expenses.

Depreciation and amortization increased $12.6 million (4.8%) and $147.2 million (127.2%) in 1999 and 1998, respectively. Of the 1999 increase, $17.1 million was attributable to the properties acquired from Ameritech, which was more than offset by a $17.8 million decrease due to the sale of the Alaska properties. Approximately $136.6 million of the 1998 increase was applicable to acquiring and operating PTI (of which $27.9 million represented amortization of goodwill) and $1.3 million was applicable to the former Ameritech properties. Exclusive of acquisitions, depreciation expense included nonrecurring additional depreciation charges approved by regulators in certain jurisdictions which aggregated $10.7 million in 1999 and $6.2 million in 1998. In addition, the Company obtained increased depreciation rates in certain jurisdictions which increased depreciation expense by $2.2 million in 1999 and $1.1 million in

1998. The remainder of the increases in depreciation and amortization in 1999 and 1998 were due to higher levels of plant in service. The composite depreciation rate for the Company's regulated telephone properties, including the additional depreciation charges, was 7.0% for 1999, 6.9% for 1998 and 7.4% for 1997.

Other

For additional information regarding certain matters that have impacted or may impact the Company's telephone operations, see Regulation and Competition.

WIRELESS OPERATIONS AND INCOME FROM UNCONSOLIDATED CELLULAR ENTITIES

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Operating income - wireless operations	$ 133,930	129,124	88,048
Minority interest, exclusive of the effect of asset sales	(12,911)	(12,635)	(6,916)
Income from unconsolidated cellular entities	27,675	32,869	27,794
	$ 148,694	149,358	108,926

The Company's wireless operations (discussed below) reflect 100% of the results of operations of the cellular entities in which the Company has a majority ownership interest. The minority interest owners' share of the income of such entities is reflected in the Company's Consolidated Statements of Income as an expense in "Minority interest." See Minority Interest for additional information. The Company's share of earnings from the cellular entities in which it has less than a majority interest is accounted for using the equity method and is reflected in the Company's Consolidated Statements of Income in "Income from unconsolidated cellular entities." See Income from Unconsolidated Cellular Entities for additional information.

WIRELESS OPERATIONS

Substantially all of the Company's wireless customers are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas and Arkansas. The operating revenues, expenses and income of the Company's wireless operations for 1999, 1998 and 1997 are summarized below.

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Operating revenues			
Service revenues	$ 411,492	398,739	302,156
Equipment sales	10,777	9,088	5,586
	422,269	407,827	307,742
Operating expenses			
Cost of equipment sold	21,408	16,992	14,588
System operations	56,866	60,049	47,572
General, administrative and customer service	79,569	81,350	62,536
Sales and marketing	61,903	57,967	54,128
Depreciation and amortization	68,593	62,345	41,146
	288,339	278,703	219,970
Operating income	$ 133,930	129,124	87,772

Operating revenues

Service revenues include monthly service fees for providing access and airtime to customers, service fees for providing airtime to other carriers' customers roaming through the Company's service areas and toll revenue.

Of the $12.8 million increase in service revenues in 1999, $11.3 million was due to an increase in roaming usage primarily attributable to increased minutes of use which was partially offset by reduced rates. Local service revenues increased $5.9 million due to a growth in the number of customers and increased minutes of use, both of which were partially offset by reduced rates. Such increases were partially offset by a $6.3 million decrease due to the Company's sale of its Texas and Alaska cellular properties. Of the $96.6 million increase in service revenues in 1998, $76.1 million was attributable to acquisitions of properties. The remainder of the 1998 increase in service revenues was primarily due to a $10.9 million increase in roaming revenues and a $9.4 million increase in local service revenues.

The following table illustrates the growth in the Company's wireless customer base in its majority-owned markets:

Year ended December 31,	1999	1998	1997
Customers at beginning of period	624,290	569,983	368,233
Gross units added internally	240,084	214,767	193,623
Disconnects	146,325	160,460	115,473
Net units added internally	93,759	54,307	78,150
Net effect of property acquisitions and dispositions	(10,563)	-	123,600
Customers at end of period	707,486	624,290	569,983

The average monthly service revenue per customer declined to $53 during 1999 from $57 in 1998 and $61 in 1997 due to price reductions and the continued trend that a higher percentage of new customers tend to be lower usage customers. A majority of the Company's net unit additions for 1999 were prepaid customers. The average monthly service revenue per prepaid customer has been and is expected to continue to be less than the average monthly service revenues per contract customer. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated; (ii) as the Company continues to receive pressure from other cellular operators to reduce roaming rates and (iii) as competitive pressures from current and future wireless communications providers intensify. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, most all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate usage and customer growth by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

Operating expenses

Cost of equipment sold increased $4.4 million (26.0%) in 1999 and $2.4 million (16.5%) in 1998 primarily due to an increase in the number of phones sold.

System operations expenses decreased $3.2 million (5.3%) in 1999 primarily due to a $3.8 million decrease in the amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas primarily due to a decrease in roaming rates; a $1.7 million decrease in toll costs; and a $1.9 million decrease in expenses attributable to operations sold during 1999. Such decreases were partially offset by a $4.3 million increase in expenses associated with operating a greater number of cell sites. The $12.5 million (26.2%) increase in system operations expenses in 1998 was primarily due to $15.6 million of expenses attributable to acquisitions. Such increase was partially offset by a $6.1 million decrease in the amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas primarily due to a decrease in roaming rates.

The Company operated 711 cell sites at December 31, 1999 in entities in which it had a majority interest, compared to 644 at December 31, 1998 and 558 at December 31, 1997.

General, administrative and customer service expenses decreased $1.8 million (2.2%), of which $9.0 million was attributable to a decrease in the provision for doubtful accounts. Such decrease was substantially offset by a $2.9 million increase in customer service expenses; a $2.1 million increase in contract labor expenses associated with readying the Company's systems to be Year 2000 compliant; and a $3.4 million increase in general office expenses. Of the $18.8 million (30.1%) increase in 1998 expenses, $13.4 million was attributable to expenses of entities acquired. The remainder of the 1998 increase was primarily due to a $2.1 million increase in the provision for doubtful accounts and a $1.8 million increase in customer service expenses.

Churn rate (the percentage of cellular customers that terminate service) is an industry-wide concern. The Company faces substantial competition from other wireless providers, including those offering

Personal Communications Services ("PCS"). A significant portion of the churn in the Company's cellular markets is due to the Company disconnecting service to customers for nonpayment. The Company's average monthly churn rate in its majority-owned and operated markets was 1.90% in 1999, 2.23% in 1998 and 2.31% in 1997.

Sales and marketing expenses increased $3.9 million (6.8%) in 1999 primarily due to a $4.0 million increase in costs incurred in selling products and services in retail locations and a $2.0 million increase in advertising expenses. Such increases were partially offset by a $2.1 million reduction in commissions paid to agents for selling services to new customers primarily as a result of fewer cellular units being added through this distribution channel during 1999 as compared to 1998 and a $1.2 million decrease in expenses due to the Company's sale of its Texas and Alaska properties. Sales and marketing expenses increased $3.8 million (7.1%) in 1998 primarily due to $9.7 million of expenses of acquired entities; a $2.9 million increase in costs incurred in selling products and services in retail locations and a $2.4 million increase in advertising expenses. Such increases were partially offset by a $10.6 million reduction in commissions paid to agents for selling services to new customers primarily as a result of fewer units being added through this distribution channel during 1998 as compared to 1997.

Depreciation and amortization increased $6.2 million (10.0%) in 1999, of which $4.0 million was due to an increase in amortization of intangibles and $2.5 million was attributable to a higher level of plant in service. Of the $21.2 million (51.5%) increase in 1998, $14.5 million was attributable to acquisitions. The remainder of the 1998 increase was primarily due to higher levels of plant in service.

Other

For additional information regarding certain matters that have impacted or may impact the Company's wireless operations, see Regulation and Competition.

OTHER OPERATIONS

Other operations includes the results of operations of subsidiaries of the Company which are not included in the telephone or wireless segments including, but not limited to, the Company's non-regulated long distance operations, call center operations and security monitoring business. The operating revenues, expenses and income of the Company's other operations for 1999, 1998 and 1997 are summarized below.

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Operating revenues			
Long distance	$ 83,087	53,027	36,550
Call center	11,749	9,701	14,285
Other	16,971	14,920	12,347
	111,807	77,648	63,182
Operating expenses			
Cost of sales and operating expenses	85,278	57,353	53,842
Depreciation and amortization	4,747	3,316	2,627
	90,025	60,669	56,469
Operating income	$ 21,782	16,979	6,713

The 1999 and 1998 increases in long distance revenues of $30.1 million and $16.5 million, respectively, were primarily attributable to the growth in the number of customers. The number of long distance customers as of December 31, 1999, 1998, and 1997 was 303,700, 226,700, and 172,000, respectively. The $4.6 million decrease in call center revenues in 1998 was primarily due to the loss of two major customers in the fourth quarter of 1997. The increases in other revenues in 1998 of $2.6 million was primarily attributable to the acquisition of cable television properties in the PTI acquisition and the acquisition of two security monitoring businesses, partially offset by a loss of revenues applicable to entities sold during 1997.

Operating expenses in 1999 increased $29.4 million (48.4%) primarily due to (i) an increase of $17.8 million in expenses of the Company's long distance operations primarily due to the increased minutes of use due to an increase in the number of long distance customers, (ii) a $6.7 million increase associated with the Company's call center operations and (iii) a $3.8 million increase in expenses due to the expansion of the Company's security monitoring and fiber network businesses. In January 2000, the Company announced that it would close its third party call center operations by the end of the first quarter 2000. Included in total operating expenses for 1999 is a $2.7 million charge to write down the assets of the call center to estimated net realizable value.

Operating expenses in 1998 increased due to (i) an increase of $13.6 million in expenses of the Company's long distance operations due primarily to an increase in customers and (ii) $6.6 million of operating expenses applicable to acquisitions. Such increases were substantially offset by decreases in operating expenses because (i) 1997 included $9.2 million of costs applicable to entities sold during 1997 and (ii) the amount of intercompany profit with regulated affiliates (the recognition of which in accordance with regulatory accounting principles acts to offset operating expenses) increased $5.8 million as a result of the acquisition of PTI.

The Company anticipates that the growth of operating income for its other operations will slow in future periods as it incurs increasingly larger expenses in connection with expanding its security monitoring business and its emerging fiber network and competitive local exchange carrier businesses.

Certain of the Company's service subsidiaries provide managerial, operational, technical, accounting and administrative services, along with materials and supplies, to the Company's telephone subsidiaries. In accordance with regulatory accounting, intercompany profit on transactions with regulated affiliates has not been eliminated in connection with consolidating the results of operations of the Company. When the regulated operations of the Company no longer qualify for the application of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation," such intercompany profit will be eliminated in subsequent financial statements, the primary result of which will be a decrease in operating expenses applicable to the Company's telephone operations and an increase in operating expenses applicable to the Company's other operations. The amount of intercompany profit with regulated affiliates which was not eliminated was approximately $14.0 million, $14.4 million and $8.9 million in 1999, 1998 and 1997, respectively. For additional information applicable to SFAS 71, see Regulation and Competition - Other Matters and Note 12 of Notes to Consolidated Financial Statements.

GAIN ON SALE OR EXCHANGE OF ASSETS, NET

In 1999, the Company recorded pre-tax gains aggregating $62.8 million. Approximately $10.4 million of the pre-tax gains ($6.7 million after-tax; $.04 per diluted share) was due to the sale of the Company's remaining common shares of MCIWorldCom, Inc. ("WorldCom"). Approximately $39.6 million of the pre-tax gains ($7.8 million after-tax loss; $.05 per diluted share) was due to the sale of the Company's Brownsville and McAllen, Texas cellular properties. The remainder of the gains in 1999 was primarily due to an $11.6 million pre-tax gain ($7.6 million after-tax; $.05 per diluted share) due to the sale of the Company's shares of common stock of Telephone and Data Systems, Inc. See Note 14 of Notes to Consolidated Financial Statements for additional information.

In 1998 the Company recorded net pre-tax gains aggregating $49.9 million ($30.5 million after-tax; $.22 per diluted share) primarily due to the conversion of its investment in the common stock of Brooks Fiber Properties, Inc. ("Brooks") into common stock of WorldCom, the subsequent sale of 750,000 shares of WorldCom stock, and the sale of minority interests in two non-strategic cellular entities.

In the second quarter of 1997, the Company sold its competitive access subsidiary to Brooks in exchange for approximately 4.3 million shares of Brooks' common stock and recorded a pre-tax gain of approximately $71 million ($46 million after-tax; $.34 per diluted share). In November 1997 the Company sold approximately 3.8 million shares of Brooks' stock and recorded a pre-tax gain of approximately $108 million ($66 million after-tax; $.48 per diluted share).

INTEREST EXPENSE

Interest expense decreased $17.0 million in 1999 primarily due to a reduction in outstanding indebtedness. Interest expense increased $111.1 million in 1998 primarily due to $89.7 million of interest expense on the borrowings used to finance the PTI and Ameritech acquisitions and $23.2 million of interest expense applicable to debt assumed from PTI.

INCOME FROM UNCONSOLIDATED CELLULAR ENTITIES

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, decreased $5.2 million (15.8%) primarily due to the Company's proportionate share ($6.9 million) of a non-cash charge that was recorded by a cellular entity in which the Company owns a minority interest. The 1998 increase of $5.1 million (18.3%) was primarily due to $7.3 million of earnings of unconsolidated cellular entities acquired in the PTI acquisition. Such increase was partially offset by a $2.5 million decrease due to the sale of the Company's minority interest in two non-strategic cellular entities during the second quarter of 1998.

MINORITY INTEREST

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings of the Company's majority-owned and operated cellular entities and majority-owned subsidiaries. Minority interest increased $15.1 million during 1999, substantially all of which relates to the minority partners' share of the gain on sale of assets of the Brownsville and McAllen, Texas cellular properties. Of the $7.3 million increase in minority interest in 1998, $2.0 million was associated with entities acquired in the PTI acquisition. The remainder of the increase was primarily due to the increased profitability of the Company's majority-owned and operated cellular entities.

OTHER INCOME AND EXPENSE

Other income and expense increased $3.9 million in 1999, substantially all of which relates to favorable non-recurring items recorded in 1999.

INCOME TAX EXPENSE

The Company's effective income tax rate was 44.1%, 41.0% and 37.3% in 1999, 1998 and 1997, respectively. Exclusive of the effect of income tax expense on asset sales, the effective income tax rate was

39.0%, 41.3% and 37.3% in 1999, 1998 and 1997, respectively. Such decrease in the effective rate for 1999 was primarily due to two factors. First, the Company's 1999 sale of its Texas and Alaska operations resulted in a decrease in the amount of amortization of excess cost of net assets acquired (goodwill) that is non-deductible for tax purposes. Second, the Company recorded a $5.3 million state tax benefit relating to a loss carryback that will be utilized to recoup taxes paid in a previous year. The increase in the effective rate in 1998 was primarily due to the increase in non-deductible amortization of excess cost of net assets acquired attributable to the PTI acquisition.

ACQUISITIONS

On December 1, 1998, the Company acquired the assets of certain of Ameritech's telephone and directory operations in 19 telephone exchanges covering 21 communities in northern and central Wisconsin for approximately $221 million cash. The operations acquired by the Company include the telephone property and equipment serving approximately 86,000 access lines, as well as the related nine telephone directories.

On December 1, 1997, the Company acquired PTI in exchange for $1.503 billion cash and assumed PTI's debt of approximately $725 million. To finance the acquisition, the Company borrowed $1.288 billion under its committed credit facility and paid the remainder of the purchase price with available cash, most of which consisted of the proceeds of the sale of Brooks' common stock in November 1997. See Liquidity and Capital Resources - Financing Activities for additional information. As a result of the acquisition, the Company acquired (i) over 660,000 telephone access lines located in four midwestern states, seven western states and Alaska, (ii) over 88,000 cellular subscribers in two midwestern states and Alaska and (iii) various wireless, cable television and other communications assets. For additional information, see Note 11 of Notes to Consolidated Financial Statements.

ACCOUNTING PRONOUNCEMENTS

In June 1998 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 established accounting and reporting standards for derivative instruments and for hedging activities by requiring that entities recognize all derivatives as either assets or liabilities at fair value on the balance sheet. Based on the Company's current use of derivatives, SFAS 133 is not expected to materially impact the Company's financial position or results of operations. In June 1999, the FASB deferred the effective date of SFAS 133 to fiscal years beginning after June 15, 2000.

In June 1999, the FASB issued Interpretation No. 43, "Real Estate Sales, an Interpretation of FASB Statement No. 66." The interpretation is effective for sales of real estate with property improvements or integral equipment entered into after June 30, 1999. Under this interpretation, fiber optic cable is considered integral equipment and, accordingly, title must transfer to a lessee in order for an Indefeasible Right to Use transaction to be accounted for as a sales-type lease. The application of the provisions of FASB Interpretation No. 43 does not have an impact on the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition and deferred costs in the financial statements. Based on the Company's current revenue recognition policies, SAB 101 is not expected to materially impact the Company's financial position or results of operations.

INFLATION

The effects of increased costs historically have been mitigated by the ability to recover certain costs applicable to the Company's regulated telephone operations through the rate-making process. As operating expenses in the Company's non-regulated lines of business increase as a result of inflation, the Company, to the extent permitted by competition, recovers the costs by increasing prices for its services and equipment. While the rate-making process does not permit the Company to immediately recover the costs of replacing its physical plant, the Company has historically been able to recapture these costs over time. Possible future regulatory changes may alter the Company's ability to recover increased costs in its regulated operations. For additional information regarding the current regulatory environment, see Regulation and Competition.

MARKET RISK

The Company is not exposed to material future earnings or cash flow exposures from changes in interest rates on long-term debt obligations since the majority of the Company's long-term debt obligations are fixed rate. At December 31, 1999, the fair value of the Company's long-term debt was estimated to be $2.0 billion based on the overall weighted average rate of the Company's long-term debt of 7.0% and an overall weighted maturity of 12 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 70 basis points in interest rates (ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a $89.0 million decrease in fair value of the Company's long-term debt.

In early 1998 the Company utilized interest rate hedge contracts to manage its interest rate risk related to the issuance of $765.0 million of senior notes and debentures. In February 2000, the Company entered into an interest rate hedge contract designed to reduce its interest rate risk with respect to $100 million of the long-term public debt that it expects to incur in connection with financing its pending acquisitions of local exchange assets in Arkansas, Missouri and Wisconsin. It is possible that the Company will enter into additional interest rate hedges for the same purpose over the next several months. See Liquidity and Capital Resources for additional information.

YEAR 2000 DISCLOSURE

The Year 2000 issue concerned the inability of computer systems and certain other equipment to properly recognize and process data that uses two digits rather than four to designate particular years. The Company implemented a Year 2000 Project Plan ("the Plan") to assess whether its systems that process date sensitive information would perform satisfactorily leading up to and beyond January 1, 2000. Subsequent to December 31, 1999, the Company has experienced no Year 2000-related problems with its critical systems nor did it experience any problems with the delivery of critical services it receives from third parties.

In connection with implementing the Plan, the Company incurred costs of $35.1 million during 1999 ($24.1 million of which was related to hardware costs and other capital items) and $4.2 million during 1998 (none of which was related to hardware costs or other capital items). All costs were expensed as incurred, except for hardware and other items that were capitalized in accordance with generally accepted accounting principles.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to provide a substantial portion of its cash needs. The Company's operations have historically provided a stable source of cash flow which has helped the Company continue its long-term program of capital improvements.

Operating activities

Net cash provided by operating activities was $408.7 million, $467.8 million and $297.3 million in 1999, 1998 and 1997, respectively. The Company's accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of those years. For additional information relating to the telephone operations, wireless operations and other operations of the Company, see Results of Operations.

Investing activities

Net cash provided by (used in) investing activities was $69.8 million, ($375.6) million and ($1.503) billion in 1999, 1998 and 1997, respectively. Proceeds from the sales of assets were $484.5 million in 1999 compared to $132.3 million in 1998 and $202.7 million in 1997. Cash used for acquisitions was $21.0 million, $225.6 million and $1.544 billion in 1999, 1998 and 1997, respectively. Capital expenditures for 1999 were $233.5 million for telephone operations, $58.8 million for wireless operations and $97.7 for other operations. Capital expenditures during 1998 and 1997 were $310.9 million and $181.2 million, respectively.

Financing activities

Net cash used in financing activities was $427.6 million in 1999 and $112.4 million in 1998. Net cash provided by financing activities was $1.223 billion during 1997, of which $1.288 billion was related to the acquisition of PTI. Net payments of long-term debt were $365.5 million more during 1999 compared to 1998 primarily due to the utilization of proceeds from the sales of assets. In December 1997 the Company filed a shelf registration statement with the United States Securities and Exchange Commission registering an aggregate of $1.6 billion of senior unsecured debt securities, preferred stock, common stock and warrants. In January 1998 the Company issued an aggregate of $765 million of senior notes and debentures. The net proceeds of approximately $758 million were used to reduce the bank indebtedness incurred in connection with the acquisition of PTI. In addition, the Company paid approximately $40 million in 1998 to settle numerous interest rate hedge contracts that had been entered into in anticipation of these debt issuances.

Other

Budgeted capital expenditures for 2000 total $250 million for telephone operations, $100 million for wireless operations and $65 million for other operations. The Company anticipates that capital expenditures in its telephone operations will continue to include the installation of fiber optic cable and the upgrading of its plant and equipment, including its digital switches, to provide enhanced services. Capital expenditures in the wireless operations are expected to continue to focus on constructing additional cell sites (which will provide additional capacity and expanded areas where cellular phones may be used) and providing digital service. Budgeted capital expenditures for other operations include $15 million for construction of the Company's fiber network and $20 million for construction of competitive local exchange networks.

In June 1999, the Company signed a definitive asset purchase agreement to purchase from affiliates of GTE Corporation ("GTE") telephone access lines (which numbered approximately 225,000 at December 31, 1999) and related local exchange assets in Arkansas for approximately $845.8 million in cash. In July 1999, the Company acquired a 61.5% (56.9% fully diluted) interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 121,000 at December 31, 1999) and related local exchange assets in Missouri for approximately $290 million in cash. At closing, the Company has agreed to make approximately a $55 million preferred equity investment in the new entity and it is anticipated that the Company will loan the new entity approximately $220 million.

In August 1999, the Company acquired an 89% interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement to purchase telephone access lines (which numbered approximately 61,700 as of December 31, 1999) and related local exchange assets in Wisconsin from a GTE affiliate for approximately $170 million cash. At closing the Company has agreed to make an equity investment in the newly organized company of approximately $37.8 million and it is anticipated that the Company will loan the new entity approximately $130 million. In October 1999, the Company also entered into a definitive asset purchase agreement to purchase additional telephone access lines (which numbered approximately 68,200 as of December 31, 1999) and related local exchange assets in Wisconsin from a GTE affiliate for approximately $195 million cash.

The purchase price under each of these GTE agreements is subject to adjustments which are not expected to be material in the aggregate. These transactions are anticipated to close by mid-year 2000, subject to regulatory approvals and certain other closing conditions. Although financing plans are not yet complete and will be dependent upon the Company's review of its alternatives and market conditions, the Company currently anticipates selling a mix of securities that will include debt securities and may include equity or equity-linked securities. Currently, the Company's senior unsecured debt is rated Baa1 by Moody's and BBB+ by Standard & Poor's. However, as a result of the Company's announcement of its GTE acquisitions, Moody's placed its ratings under review for possible downgrade and Standard & Poor's placed its ratings on CreditWatch with negative implications.

The Company continually evaluates the possibility of acquiring additional telecommunications operations and expects to continue its long-term strategy of pursuing the acquisition of attractive communications properties in exchange for cash, securities or both. The Company generally does not announce its acquisitions until it has entered into a preliminary or definitive agreement. Over the past few years, the amount of communications properties available to be purchased by the Company has increased substantially. The Company may require additional financing in connection with any such acquisitions, the consummation of which could have a material impact on the Company's financial condition or operations. Approximately 4.6 million shares of CenturyTel common stock and 200,000 shares of CenturyTel preferred stock remain available for future issuance in connection with acquisitions under an acquisition shelf registration statement.

As of December 31, 1999, the Company's telephone subsidiaries had available for use $131.5 million of commitments for long-term financing from the Rural Utilities Service and the Company had $219.1 million of undrawn committed bank lines of credit. The Company also has access to debt and equity capital markets, including its shelf registration statement.

The following table reflects the Company's debt to total capitalization percentage and ratio of earnings to fixed charges as of and for the years ended December 31:

	1999	1998	1997
Debt to total capitalization percentage	53.7%	63.0	67.2
Ratio of earnings to fixed charges	2.79	2.25	7.80
Ratio of earnings to fixed charges excluding gain on sale or exchange of assets	2.47	1.96	4.87

REGULATION AND COMPETITION

The communications industry continues to undergo various fundamental regulatory, legislative, competitive and technological changes that make it difficult to determine the form or degree of future regulation and competition affecting the Company's telephone and wireless operations. These changes may have a significant impact on the future financial performance of all communications companies.

Events affecting the communications industry

In 1996 the United States Congress enacted the Telecommunications Act of 1996 (the "1996 Act"), which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. The 1996 Act provides certain exemptions for rural LECs such as those operated by the Company. Under the FCC's August 1996 order implementing most of the 1996 Act's interconnection provisions, rural LECs have the burden of proving the availability of these exemptions.

Prior to and since the enactment of the 1996 Act, the FCC and a number of state legislative and regulatory bodies have taken steps to foster local exchange competition. Coincident with this recent movement toward increased competition has been the gradual reduction of regulatory oversight of LECs. These cumulative changes have led to the continued growth of various companies providing services that compete with LECs' services. Wireless services entities are also expected to increasingly compete with LECs.

The 1996 Act authorized the establishment of new federal and state universal service funds to provide support to eligible telecommunications carriers. These new funds are intended to replace existing federal support mechanisms that currently provide approximately 7.6% of the Company's consolidated revenues. In October 1999 the FCC adopted an order implementing a new universal service support mechanism for non-rural carriers for high cost and rural markets. This order will shift non-rural telephone companies to a forward-looking cost model in determining their future universal service support. Because all of the Company's LEC's have been designated as rural telephone companies, this order will not directly impact the Company. However, this order may establish the benchmark for the treatment of universal service support funding for rural carriers. The Company's LECs will continue to receive payments under the existing federal support mechanisms for rural carriers until the FCC adopts funding support mechanisms based on forward-looking economic costs, which it is required to do, but no earlier than January 2001.

In September 1998 the FCC initiated a proceeding to represcribe the authorized rate of return for interstate access services provided by LECs. The FCC periodically represcribes this rate of return to ensure that the service rates filed by incumbent LECs subject to rate of return regulation continue to be just and reasonable. It is uncertain whether or by how much the FCC may lower the authorized rate of return. For rate of return companies, the FCC is considering how other unresolved issues such as jurisdictional separations, access charge reform and universal service must be addressed before represcribing rate of return.

Competition to provide traditional telephone or wireless services has thus far affected large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company's operations are located. The Company does not believe such competition is likely to materially affect it in the near term. The Company further believes that it may benefit from having the opportunity to observe the effects of these developments in large urban markets. The Company will continue to monitor ongoing changes in regulation, competition and technology and consider which developments provide the most favorable opportunities for the Company to pursue.

Recent events affecting the Company

During 1999 the Company's revenues from the USF totaled approximately $127.5 million (of which $5.2 million related to the Company's Alaska based operations). During 1998, such revenues totaled $127.6 million (of which $13.4 million related to the Alaska based operations.) Although the Company may experience a reduction in its federal support revenues at some point in the future, management believes it is premature to assess or estimate the ultimate impact thereof. There can be no assurance, however, that such impact will not be material.

During the last few years, several states in which the Company has substantial operations took legislative or regulatory steps to further introduce competition into the LEC business. While the Company is aware of only a few companies which have requested authorization to provide local exchange service in the Company's service areas, it is anticipated that similar action may be taken by others in the future.

In mid-1997 the Louisiana Public Service Commission adopted a Consumer Price Protection Plan which froze the local rates and access rates that can be charged by the Company's LECs operating in Louisiana. Certain other states have implemented various forms of alternative regulation plans, the impact of which has not been material either individually or in the aggregate to the results of operations of the Company.

Certain long distance carriers continue to request that the Company reduce intrastate access tariffed rates for certain of its LECs. In addition, the Company continues to receive pressure from other cellular operators to reduce roaming rates in the Company's cellular markets. There is no assurance that these requests will not result in reduced intrastate access revenues and/or roaming revenues in the future.

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its telephone operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

Other matters

The Company's regulated telephone operations are subject to the provisions of SFAS 71, under which the Company is required to account for the economic effects of the rate-making process, including the recognition of depreciation of plant and equipment over lives approved by regulators. The ongoing applicability of SFAS 71 to the Company's regulated telephone operations is being monitored due to the changing regulatory, competitive and legislative environments. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, extraordinary, noncash charge against earnings. While the amount of such charge cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between $300 million and $350 million. See Note 12 of Notes to Consolidated Financial Statements for additional information.

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 1999 have not been material, and the Company currently has no reason to believe that such costs will become material.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is not exposed to material future earnings or cash flow exposures from changes in interest rates on long-term obligations since the majority of the Company's long-term obligations are fixed rate. At December 31, 1999, the Company estimates that the fair value of the Company's long-term debt was $2.0 billion which was determined by comparing the overall weighted average rate of the Company's long-term debt of 7.0% and an overall weighted maturity of 12 years to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 70 basis points in interest rates (ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a $89.0 million decrease in fair value of the Company's long-term debt. In late 1997 and early 1998 the Company utilized interest rate hedge contracts to manage its interest rate risk related to its January 1998 issuance of $765.0 million of senior notes and debentures. In February 2000, the Company entered into an interest rate hedge contract designed to reduce its interest rate risk with respect to $100 million of long-term public debt that it expects to incur in connection with financing its pending acquisitions of local exchange assets in Arkansas, Missouri and Wisconsin. It is possible that the Company will enter into additional interest rate hedges for the same purpose over the next several months.

Item 8. Financial Statements and Supplementary Data

Report of Management

The Shareholders
CenturyTel, Inc.:

Management has prepared and is responsible for the Company's consolidated financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts determined using our best judgments and estimates with consideration given to materiality.

The Company maintains internal control systems and related policies and procedures designed to provide reasonable assurance that the accounting records accurately reflect business transactions and that the transactions are in accordance with management's authorization. The design, monitoring and revision of the systems of internal control involve, among other things, our judgment with respect to the relative cost and expected benefits of specific control measures. Additionally, the Company maintains an internal auditing function which independently evaluates the effectiveness of internal controls, policies and procedures and formally reports on the adequacy and effectiveness thereof.

The Company's consolidated financial statements have been audited by KPMG LLP, independent certified public accountants, who have expressed their opinion with respect to the fairness of the consolidated financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of the Company's internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

The Audit Committee of the Board of Directors is composed of directors who are not officers or employees of the Company. The Committee meets periodically with the independent certified public accountants, internal auditors and management. The Committee considers the audit scope and discusses internal control, financial and reporting matters. Both the independent and internal auditors have free access to the Committee.

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and Chief Financial Officer

Independent Auditors' Report

The Board of Directors
CenturyTel, Inc.:

We have audited the consolidated financial statements of CenturyTel, Inc. and subsidiaries as listed in Item 14a(i). In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedules as listed in Item 14a(ii). These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CenturyTel, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
KPMG LLP

Shreveport, Louisiana
January 26, 2000

CENTURYTEL, INC.
Consolidated Statements of Income

	Year ended December 31,		
	1999	1998	1997
	(Dollars, except per share amounts, and shares in thousands)		
OPERATING REVENUES			
Telephone	$ 1,142,593	1,091,610	530,597
Wireless	422,269	407,827	307,742
Other	111,807	77,648	63,182
Total operating revenues	1,676,669	1,577,085	901,521
OPERATING EXPENSES			
Cost of sales and operating expenses	819,784	768,720	474,256
Depreciation and amortization	348,816	328,554	159,495
Total operating expenses	1,168,600	1,097,274	633,751
OPERATING INCOME	508,069	479,811	267,770
OTHER INCOME (EXPENSE)			
Gain on sale or exchange of assets, net	62,808	49,859	169,640
Interest expense	(150,557)	(167,552)	(56,474)
Income from unconsolidated cellular entities	27,675	32,869	27,794
Minority interest	(27,913)	(12,797)	(5,498)
Other income and expense	9,190	5,268	5,109
Total other income (expense)	(78,797)	(92,353)	140,571
INCOME BEFORE INCOME TAX EXPENSE	429,272	387,458	408,341
Income tax expense	189,503	158,701	152,363
NET INCOME	$ 239,769	228,757	255,978
BASIC EARNINGS PER SHARE	$ 1.72	1.67	1.89
DILUTED EARNINGS PER SHARE	$ 1.70	1.64	1.87
DIVIDENDS PER COMMON SHARE	$ .180	.173	.164
AVERAGE BASIC SHARES OUTSTANDING	138,848	137,010	134,984
AVERAGE DILUTED SHARES OUTSTANDING	141,432	140,105	137,412

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	1999	1998	1997
	(Dollars in thousands)		
NET INCOME	$ 239,769	228,757	255,978
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Unrealized holding gains arising during period, net of $38,473, $8,509 and $6,404 tax	71,449	15,802	11,893
Reclassification adjustment for gains included in net income, net of $7,702 and $11,027 tax	(14,304)	(20,478)	-
Other comprehensive income, net of $30,771, ($2,518) and $6,404 tax	57,145	(4,676)	11,893
COMPREHENSIVE INCOME	$ 296,914	224,081	267,871

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Balance Sheets

	December 31,	
	1999	1998
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 56,640	5,742
Accounts receivable		
Customers, less allowance of $4,150 and $4,155	128,338	130,289
Other	64,719	55,109
Materials and supplies, at average cost	28,769	23,709
Other	7,607	11,389
Total current assets	286,073	226,238
NET PROPERTY, PLANT AND EQUIPMENT	2,256,458	2,351,453
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired, less accumulated amortization of $165,327 and $133,135	1,644,884	1,956,701
Other	517,992	401,063
Total investments and other assets	2,162,876	2,357,764
TOTAL ASSETS	$ 4,705,407	4,935,455
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 62,098	53,010
Accounts payable	78,450	87,627
Accrued expenses and other current liabilities		
Salaries and benefits	34,570	36,900
Taxes	40,999	33,411
Interest	37,232	36,926
Other	22,172	24,249
Advance billings and customer deposits	33,656	32,721
Total current liabilities	309,177	304,844
LONG-TERM DEBT	2,078,311	2,558,000
DEFERRED CREDITS AND OTHER LIABILITIES	469,927	541,129
STOCKHOLDERS' EQUITY		
Common stock, $1.00 par value, authorized 350,000,000 shares, issued and outstanding 139,945,920 and 138,082,926 shares	139,946	138,083
Paid-in capital	493,432	451,535
Unrealized holding gain on investments, net of taxes	64,362	7,217
Retained earnings	1,146,967	932,611
Unearned ESOP shares	(4,690)	(6,070)
Preferred stock - non-redeemable	7,975	8,106
Total stockholders' equity	1,847,992	1,531,482
TOTAL LIABILITIES AND EQUITY	$ 4,705,407	4,935,455

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Cash Flows

	Year ended December 31, 1999	1998	1997
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	$ 239,769	228,757	255,978
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	348,816	328,554	159,495
Income from unconsolidated cellular entities	(27,675)	(32,869)	(27,794)
Minority interest	27,913	12,797	5,498
Deferred income taxes	(17,139)	16,196	16,230
Gain on sale of assets, net	(62,808)	(49,859)	(169,640)
Changes in current assets and current liabilities			
Accounts receivable	(15,181)	(15,227)	7,649
Accounts payable	(11,469)	4,249	(25,440)
Other accrued taxes	(59,571)	(34,908)	58,205
Other current assets and other current liabilities, net	(1,354)	15,033	7,263
Increase (decrease) in other noncurrent liabilities	(5,311)	(1,706)	2,173
Other, net	(7,288)	(3,243)	7,702
Net cash provided by operating activities	408,702	467,774	297,319
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(20,972)	(225,569)	(1,543,814)
Payments for property, plant and equipment	(389,980)	(310,919)	(181,225)
Proceeds from sale of assets	484,467	132,307	202,705
Distributions from unconsolidated cellular entities	22,219	26,515	16,825
Purchase of life insurance investment, net	(2,545)	(2,786)	(12,962)
Proceeds from note receivable	-	-	22,500
Other, net	(23,416)	4,807	(7,156)
Net cash provided by (used in) investing activities	69,773	(375,645)	(1,503,127)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	15,533	957,668	1,312,546
Payments of long-term debt	(438,399)	(1,015,015)	(79,203)
Payment of hedge contracts	-	(40,237)	-
Proceeds from issuance of common stock	19,182	15,033	14,156
Payment of debt issuance costs	-	(6,625)	-
Cash dividends	(25,413)	(24,179)	(22,671)
Other, net	1,520	951	(1,405)
Net cash provided by (used in) financing activities	(427,577)	(112,404)	1,223,423
Net increase (decrease) in cash and cash equivalents	50,898	(20,275)	17,615
Cash and cash equivalents at beginning of year	5,742	26,017	8,402
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 56,640	5,742	26,017

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Stockholders' Equity

		Year ended December 31,	
	1999	1998	1997
	(Dollars and shares in thousands)		
COMMON STOCK			
Balance at beginning of year	$ 138,083	91,104	59,859
Issuance of common stock for acquisitions	-	28	75
Conversion of convertible securities into common stock	330	169	237
Issuance of common stock through dividend reinvestment, incentive and benefit plans	1,533	754	565
Three-for-two stock split	-	46,028	30,368
Balance at end of year	139,946	138,083	91,104
PAID-IN CAPITAL			
Balance at beginning of year	451,535	469,586	474,607
Issuance of common stock for acquisitions	-	1,059	3,241
Conversion of convertible securities into common stock	3,101	3,131	4,998
Issuance of common stock through dividend reinvestment, incentive and benefit plans	17,649	14,279	13,591
Amortization of unearned compensation and other	21,147	9,508	3,517
Three-for-two stock split	-	(46,028)	(30,368)
Balance at end of year	493,432	451,535	469,586
UNREALIZED HOLDING GAIN ON INVESTMENTS, NET OF TAXES			
Balance at beginning of year	7,217	11,893	-
Change in unrealized holding gain on investments, net of taxes	57,145	(4,676)	11,893
Balance at end of year	64,362	7,217	11,893
RETAINED EARNINGS			
Balance at beginning of year	932,611	728,033	494,726
Net income	239,769	228,757	255,978
Cash dividends declared			
Common stock - $.18, $.173 and $.164 per share	(25,010)	(23,771)	(22,211)
Preferred stock	(403)	(408)	(460)
Balance at end of year	1,146,967	932,611	728,033
UNEARNED ESOP SHARES			
Balance at beginning of year	(6,070)	(8,450)	(11,080)
Release of ESOP shares	1,380	2,380	2,630
Balance at end of year	(4,690)	(6,070)	(8,450)
PREFERRED STOCK - NON-REDEEMABLE			
Balance at beginning of year	8,106	8,106	10,041
Conversion of preferred stock into common stock	(131)	-	(1,935)
Balance at end of year	7,975	8,106	8,106
TOTAL STOCKHOLDERS' EQUITY	$ 1,847,992	1,531,482	1,300,272
COMMON SHARES OUTSTANDING			
Balance at beginning of year	138,083	91,104	59,859
Issuance of common stock for acquisitions	-	28	75
Conversion of convertible securities into common stock	330	169	237
Issuance of common stock through dividend reinvestment, incentive and benefit plans	1,533	754	565
Three-for-two stock split	-	46,028	30,368
Balance at end of year	139,946	138,083	91,104

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.

Notes to Consolidated Financial Statements

December 31, 1999

(1) Summary of Significant Accounting Policies

Principles of consolidation - The consolidated financial statements of CenturyTel, Inc. and its subsidiaries (the "Company") include the accounts of CenturyTel, Inc. ("CenturyTel") and its majority-owned subsidiaries and partnerships. The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." Investments in cellular entities where the Company does not own a majority interest are accounted for using the equity method of accounting.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition - Revenues are recognized when earned. Certain of the Company's telephone subsidiaries participate in revenue sharing arrangements with other telephone companies for interstate revenue and for certain intrastate revenue. Such sharing arrangements are funded by toll revenue and/or access charges within state jurisdictions and by access charges in the interstate market. Revenues earned through the various sharing arrangements are initially recorded based on the Company's estimates.

Property, plant and equipment - Telephone plant is stated substantially at original cost. Normal retirements of telephone plant are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. Renewals and betterments of plant and equipment are capitalized while repairs, as well as renewals of minor items, are charged to operating expense. Depreciation of telephone plant is provided on the straight line method using class or overall group rates acceptable to regulatory authorities; such rates range from 1.8% to 25%.

Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation of such property is provided on the straight line method over estimated service lives ranging from three to 30 years.

Long-lived assets and excess cost of net assets acquired (goodwill) - The carrying value of long-lived assets, including allocated goodwill, is reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that such carrying value may not be recoverable, by assessing the recoverability of such carrying value through estimated undiscounted future net cash flows expected to be generated by the assets or the acquired business. The excess cost of net assets acquired of substantially all of the Company's acquisitions accounted for as purchases is being amortized over 40 years.

Affiliated transactions - Certain service subsidiaries of CenturyTel provide installation and maintenance services, materials and supplies, and managerial, technical, accounting and administrative services to subsidiaries. In addition, CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by the Company's telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Intercompany profit on transactions with nonregulated affiliates has been eliminated.

Income taxes - CenturyTel files a consolidated federal income tax return with its eligible subsidiaries. The Company uses the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are established for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Investment tax credits related to telephone plant have been deferred and are being amortized as a reduction of federal income tax expense over the estimated useful lives of the assets giving rise to the credits.

Derivative financial instruments - The Company has entered into interest rate hedge contracts in anticipation of certain debt issuances to manage interest rate exposure. Interest rate contracts generally involve the exchange of fixed and floating rate interest payments without the exchange of the underlying principal. Net amounts paid or received are reflected as adjustments to interest expense. The Company had no outstanding interest rate hedge contracts as of December 31, 1999. The Company does not utilize derivative financial instruments for trading or other speculative purposes.

Earnings per share - Basic earnings per share amounts are determined on the basis of the weighted average number of common shares outstanding during the year. Diluted earnings per share give effect to all potential dilutive common shares that were outstanding during the period.

Stock compensation - The Company accounts for employee stock compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

Cash equivalents - The Company considers short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Reclassifications - Certain amounts previously reported for prior years have been reclassified to conform with the 1999 presentation, including the reclassification of the Company's personal communication services operations from other operations to the wireless segment.

(2) Investments in Unconsolidated Cellular Entities

The Company's share of earnings from cellular entities in which it does not own a majority interest was $28.8 million, $34.1 million and $29.4 million in 1999, 1998 and 1997, respectively, and is included, net of $1.1 million, $1.2 million and $1.6 million of amortization of goodwill attributable to such investments, in "Income from unconsolidated cellular entities" in the Company's Consolidated Statements of Income. Over 86% of the 1999 income from unconsolidated cellular entities was attributable to the following investments.

	Ownership interest
GTE Mobilnet of Austin Limited Partnership	35%
Milwaukee SMSA Limited Partnership	18%
Alltel Cellular Associates of Arkansas Limited Partnership	36%
Detroit SMSA Limited Partnership	3%
Michigan RSA #9 Limited Partnership	43%
Cellular North Michigan Network General Partnership	43%

The following summarizes the unaudited combined assets, liabilities and equity, and the unaudited combined results of operations, of the cellular entities in which the Company's investments (as of December 31, 1999 and 1998) were accounted for by the equity method.

Year ended December 31,	1999	1998
	(Dollars in thousands) (unaudited)	
Assets		
Current assets	$ 289,355	293,339
Property and other noncurrent assets	822,771	759,665
	$ 1,112,126	1,053,004
Liabilities and equity		
Current liabilities	$ 130,161	109,787
Noncurrent liabilities	43,423	25,099
Equity	938,542	918,118
	$ 1,112,126	1,053,004

Year ended December 31,	1999	1998	1997
	(Dollars in thousands) (unaudited)		
Results of operations			
Revenues	$ 1,398,314	1,281,803	1,277,524
Operating income	$ 427,274	430,859	419,246
Net income	$ 416,740	435,744	395,990

At December 31, 1999, $65.5 million of the Company's consolidated retained earnings represented undistributed earnings of unconsolidated cellular entities.

(3) PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment at December 31, 1999 and 1998 was composed of the following:

December 31,	1999	1998
	(Dollars in thousands)	
Telephone, at original cost		
Cable and wire	$ 1,904,957	2,046,638
Central office	1,149,095	1,197,438
General support	247,605	269,431
Information origination/termination	58,380	73,984
Construction in progress	80,682	66,241
Other	5,213	6,520
	3,445,932	3,660,252
Accumulated depreciation	(1,609,626)	(1,661,315)
	1,836,306	1,998,937
Wireless, at cost		
Cell site	353,705	324,292
General support	96,774	82,945
Construction in progress	17,303	23,733
Other	4,943	5,927
	472,725	436,897
Accumulated depreciation	(217,056)	(178,970)
	255,669	257,927
Other, at cost		
General support	242,780	172,446
Other	32,470	20,063
	275,250	192,509
Accumulated depreciation	(110,767)	(97,920)
	164,483	94,589
Net property, plant and equipment	$ 2,256,458	2,351,453

Depreciation expense was $296.8 million, $280.5 million and $142.6 million in 1999, 1998 and 1997, respectively. The composite depreciation rate for telephone properties was 7.0% for 1999, 6.9% for 1998 and 7.4% for 1997.

(4) INVESTMENTS AND OTHER ASSETS

Investments and other assets at December 31, 1999 and 1998 were composed of the following:

December 31,	1999	1998
	(Dollars in thousands)	
Excess cost of net assets acquired, less accumulated amortization	$ 1,644,884	1,956,701
Investments in unconsolidated cellular entities	125,901	118,016
Cash surrender value of life insurance contracts	90,313	84,976
Marketable equity securities	102,633	29,496
Other	199,145	168,575
	$ 2,162,876	2,357,764

Goodwill amortization of $52.0 million, $47.8 million and $16.6 million for 1999, 1998 and 1997, respectively, is included in "Depreciation and amortization" in the Company's Consolidated Statements of Income.

The Company's investments in marketable equity securities are classified as available for sale and are reported at fair value with unrealized holding gains and losses reported, net of taxes, as a separate component of stockholders' equity. As of December 31, 1999, gross unrealized holding gains of the Company's marketable equity securities were $99.0 million.

(5) LONG-TERM DEBT

December 31,	1999	1998
	(Dollars in thousands)	
CenturyTel		
6.79%* Senior Credit Facility, due through 2002	$ 339,813	752,063
6.875% senior debentures, due 2028	425,000	425,000
6.30% senior notes, due 2008	240,000	240,000
6.15% senior notes, due 2005	100,000	100,000
8.25% senior notes, due 2024	100,000	100,000
7.20% senior notes, due 2025	100,000	100,000
6.10%* notes to banks, due 2002	40,000	40,000
7.75% senior notes, due 2004	50,000	50,000
6.55% senior notes, due 2005	50,000	50,000
9.38% senior notes, due through 2003	16,025	18,900
7.00%* Employee Stock Ownership Plan commitment, due in installments through 2004	4,690	6,070
Other	225	266
Total CenturyTel	1,465,753	1,882,299
Subsidiaries		
First mortgage debt		
5.88%* notes, payable to agencies of the U. S. government and cooperative lending associations, due in installments through 2025	290,715	341,817
7.98% notes, due through 2002	5,732	5,871
Other debt		
7.48%* unsecured medium-term notes, due through 2008	333,657	335,667
8.07%* notes, due in installments through 2020	25,520	29,301
6.50% note, due in installments through 2001	6,399	9,308
5.61%* capital lease obligations, due through 2003	12,633	6,747
Total subsidiaries	674,656	728,711
Total long-term debt	2,140,409	2,611,010
Less current maturities	62,098	53,010
Long-term debt, excluding current maturities	$ 2,078,311	2,558,000

* weighted average interest rate at December 31, 1999

The approximate annual debt maturities for the five years subsequent to December 31, 1999 are as follows: 2000 - $62.1 million; 2001 - $146.4 million; 2002 - $353.9 million; 2003 - $66.4 million; and 2004 - $70.5 million.

Short-term borrowings of $40.0 million at December 31, 1999 and 1998 were classified as long-term debt on the accompanying balance sheets because the Company had adequate committed borrowing capacity available under long-term revolving facilities.

Certain of the Company's loan agreements contain various restrictions, among which are limitations regarding issuance of additional debt, payment of cash dividends, reacquisition of the Company's capital stock and other matters. At December 31, 1999, all of the consolidated retained earnings reflected on the balance sheet was available for the declaration of dividends.

The transfer of funds from certain consolidated subsidiaries to CenturyTel is restricted by various loan agreements. Subsidiaries which have loans from government agencies and cooperative lending associations, or have issued first mortgage bonds, generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial ratios are met. At December 31, 1999, restricted net assets of subsidiaries were $608.0 million. Subsidiaries' retained earnings in excess of amounts restricted by debt covenants totaled $745.8 million.

Most of the Company's telephone property, plant and equipment is pledged to secure the long-term debt of subsidiaries.

On January 15, 1998, CenturyTel issued $100 million of 7-year, 6.15% senior notes (Series E); $240 million of 10-year, 6.3% senior notes (Series F); and $425 million of 30-year, 6.875% debentures (Series G) under its shelf registration statements. The net proceeds of approximately $758 million (excluding payment obligations of approximately $40 million related to interest rate hedging effected in connection with the offering) were used to reduce the bank indebtedness incurred under the Senior Credit Facility. This facility carries floating rate interest based upon London InterBank Offered Rates for short-term periods.

In mid-January 1998, the Company settled numerous interest rate hedge contracts that had been entered into in anticipation of the above-mentioned debt issuances. The amounts paid by the Company upon settlement of the hedge contracts aggregated approximately $40 million, which is being amortized as interest expense over the lives of the underlying debt instruments. The effective weighted average interest rate of the debt incurred in January 1998 (after giving consideration to these payment obligations) is 7.15%.

CenturyTel's telephone subsidiaries had approximately $131.5 million in commitments for long-term financing from the Rural Utilities Service available at December 31, 1999. Approximately $219.1 million of additional borrowings were available to the Company through committed lines of credit with various banks.

(6) POSTRETIREMENT BENEFITS

The Company sponsors defined benefit health care plans that provide postretirement benefits to substantially all retired full-time employees.

The following is a reconciliation for the benefit obligation and the plan assets.

December 31,	1999	1998	1997
		(Dollars in thousands)	
Change in benefit obligation			
Benefit obligation at beginning of year	$ 172,323	152,632	59,157
Service cost	4,850	5,519	2,578
Interest cost	10,089	10,744	5,047
Plan amendments	(2,492)	-	-
Participant contributions	419	298	119
Acquisition	-	-	80,166
Actuarial (gain) loss	(23,855)	9,720	7,789
Benefits paid	(4,610)	(6,590)	(2,224)
Benefit obligation at end of year	$ 156,724	172,323	152,632
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	$ 35,799	34,618	-
Return on assets	2,961	4,080	-
Employer contributions	7,212	3,393	-
Participant contributions	419	298	-
Acquisition	-	-	34,618
Benefits paid	(4,610)	(6,590)	-
Fair value of plan assets at end of year	$ 41,781	35,799	34,618

Net periodic postretirement benefit cost for 1999, 1998 and 1997 included the following components:

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Service cost	$ 4,850	5,519	2,578
Interest cost	10,089	10,744	5,047
Expected return on plan assets	(2,961)	(3,250)	(458)
Amortization of unrecognized actuarial (gains) losses	(565)	430	292
Amortization of unrecognized prior service cost	(129)	121	121
Net periodic postretirement benefit cost	$ 11,284	13,564	7,580

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 1999, 1998 and 1997.

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Benefit obligation	$ (156,724)	(172,323)	(152,632)
Fair value of plan assets	41,781	35,799	34,618
Unamortized prior service cost	(1,303)	1,060	1,182
Unrecognized net actuarial loss	707	23,972	14,622
Accrued benefit cost	$ (115,539)	(111,492)	(102,210)

Assumptions used in accounting for postretirement benefits as of December 31, 1999 and 1998 were:

	1999	1998
Weighted average assumptions		
Discount rate	7.25%	6.5-6.75
Expected return on plan assets	10.0%	10.0

For measurement purposes, a 7.4% annual rate in the per capita cost of covered health care benefits was assumed for 2000 and beyond. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentag Point Decrease
	(Dollars in thousands)	
Effect on total of service and interest cost components	$ 975	(951)
Effect on postretirement benefit obligation	$ 8,517	(7,871)

(7) DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities at December 31, 1999 and 1998 were composed of the following:

December 31,	1999	1998
	(Dollars in thousands)	
Deferred federal and state income taxes	$ 269,988	332,151
Accrued postretirement benefit costs	112,876	109,000
Minority interest	43,204	44,970
Regulatory liability - income taxes	12,469	17,380
Deferred investment tax credits	1,724	3,939
Other	29,666	33,689
	$ 469,927	541,129

(8) STOCKHOLDER'S EQUITY

Common stock - At December 31, 1999, unissued shares of CenturyTel common stock were reserved as follows:

December 31,	1999
	(In thousands)
Incentive compensation program	6,492
Acquisitions	4,572
Employee stock purchase plan	999
Dividend reinvestment plan	739
Conversion of convertible preferred stock	435
Other employee benefit plans	2,563
	15,800

Under CenturyTel's Articles of Incorporation each share of common stock beneficially owned continuously by the same person since May 30, 1987 generally entitles the holder thereof to ten votes per share. All other shares entitle the holder to one vote per share. At December 31, 1999, the holders of 11.4 million shares of common stock were entitled to ten votes per share.

Preferred stock - As of December 31, 1999, CenturyTel had 2.0 million shares of preferred stock, $25 par value per share, authorized. At December 31, 1999 and 1998, there were 319,000 and 324,238 shares, respectively, of outstanding preferred stock. Holders of outstanding CenturyTel preferred stock are entitled to receive cumulative dividends, receive preferential distributions equal to $25 per share plus unpaid dividends upon CenturyTel's liquidation and vote as a single class with the holders of common stock.

Shareholders' Rights Plan - In 1996 the Board of Directors declared a dividend of one preference share purchase right for each common share outstanding. Such rights become exercisable if and when a potential acquiror takes certain steps to acquire 15% or more of CenturyTel's common stock. Upon the occurrence of such an acquisition, each right held by shareholders other than the acquiror may be exercised to receive that number of shares of common stock or other securities of CenturyTel (or, in certain situations, the acquiring company) which at the time of such transaction will have a market value of two times the exercise price of the right.

Stock split - On February 23, 1999, CenturyTel's Board of Directors declared a three-for-two common stock split effected as a 50% stock dividend in March 1999. All per share data included in this report for periods prior to March 1999 have been restated to reflect this stock split. An amount equal to the par value of the additional common shares issued pursuant to the stock split was reflected as a transfer from paid-in-capital to common stock on the consolidated financial statements for 1998.

(9) STOCK OPTION PROGRAM

CenturyTel has an incentive compensation program which allows the Board of Directors, through a subcommittee to the Compensation Committee, to grant incentives to employees in any one or a combination of the following forms: incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of December 31, 1999, CenturyTel had reserved 6.5 million shares of common stock which may be issued under the incentive compensation program.

Under the program, options have been granted to employees at a price either equal to or exceeding the then-current market price. All of the options expire ten years after the date of grant and the vesting period ranges from immediate to three years.

During 1999 the Company granted 83,743 options (the "1999 Options") at market price. The weighted average fair value of each of the 1999 Options was estimated as of the date of grant to be $15.90 using an option-pricing model with the following assumptions: dividend yield - .4%; expected volatility - 20%; risk-free interest rate - 6.6%; and expected option life - seven years.

During 1998 the Company granted 121,667 options (the "1998 Options") at market price. The weighted average fair value of each of the 1998 Options was estimated as of the date of grant to be $8.88 using an option-pricing model with the following assumptions: dividend yield - .5%; expected volatility - 20%; risk-free interest rate - 4.8%; and expected option life - seven years.

During 1997 the Company granted 1,293,909 options (the "1997 Options") at market price. The weighted average fair value of each of the 1997 Options was estimated as of the date of grant to be $5.68

using an option-pricing model with the following assumptions: dividend yield - .8%; expected volatility - 25%; risk-free interest rate - 6.5%; and expected option life - eight years.

Stock option transactions during 1999, 1998 and 1997 were as follows:

	Number of options	Average price
Outstanding December 31, 1996	5,243,051	$ 12.11
Exercised	(889,173)	10.18
Granted	1,293,909	13.51
Forfeited	(38,856)	13.39
Outstanding December 31, 1997	5,608,931	12.73
Exercised	(937,985)	11.41
Granted	121,667	26.25
Forfeited	(12,000)	13.33
Outstanding December 31, 1998	4,780,613	13.35
Exercised	(1,369,459)	10.90
Granted	83,743	40.88
Forfeited	(9,055)	37.07
Outstanding December 31, 1999	3,485,842	14.92
Exercisable December 31, 1998	4,188,660	13.13
Exercisable December 31, 1999	3,317,004	14.32

The following tables summarize certain information about CenturyTel's stock options at December 31, 1999.

Options outstanding			
Range of exercise prices	Number of options	Weighted average remaining contractual life outstanding	Weighted average exercise price
$ 9.63-12.30	1,060,111	2.6	$ 11.88
13.33-17.64	2,248,491	6.2	14.91
23.03-26.05	55,163	8.1	25.85
26.98-31.54	46,264	8.1	29.08
39.00-46.19	75,813	9.4	40.88
9.63-46.19	3,485,842	7.0	14.92

Options exercisable		
Range of exercise prices	Number of options exercisable	Weighted average exercise price
$ 9.63-12.30	1,060,111	$ 11.88
13.33-17.64	2,166,292	14.97
23.03-26.05	51,337	26.06
26.98-31.54	39,264	28.82
9.63-31.54	3,317,004	14.32

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its program. Accordingly, no compensation cost has been recognized for the program. If compensation cost for CenturyTel's program had been determined consistent with SFAS 123, the Company's net income and earnings per share on a pro forma basis for 1999, 1998 and 1997 would have been as follows:

Year ended December 31,	1999	1998	1997
	(Dollars in thousands, except per share amounts)		
Net income			
As reported	$ 239,769	228,757	255,978
Pro forma	$ 239,033	227,113	252,773
Basic earnings per share			
As reported	$ 1.72	1.67	1.89
Pro forma	$ 1.72	1.66	1.87
Diluted earnings per share			
As reported	$ 1.70	1.64	1.87
Pro forma	$ 1.69	1.62	1.84

(10) EARNINGS PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Year ended December 31,	1999	1998	1997
	(Dollars, except per share amounts, and shares in thousands)		
Income (Numerator):			
Net income	$ 239,769	228,757	255,978
Dividends applicable to preferred stock	(403)	(408)	(460)
Net income applicable to common stock for computing basic earnings per share	239,366	228,349	255,518
Dividends applicable to preferred stock	403	408	460
Interest on convertible securities, net of taxes	252	372	480
Net income as adjusted for purposes of computing diluted earnings per share	$ 240,021	229,129	256,458
Shares (Denominator):			
Weighted average number of shares outstanding during period	139,313	137,568	135,637
Employee Stock Ownership Plan shares not committed to be released	(465)	(558)	(653)
Weighted average number of shares outstanding during period for computing basic earnings per share	138,848	137,010	134,984
Incremental common shares attributable to dilutive securities:			
Conversion of convertible securities	981	1,274	1,676
Shares issuable under outstanding stock options	1,603	1,821	752
Number of shares as adjusted for purposes of computing diluted earnings per share	141,432	140,105	137,412
Basic earnings per share	$ 1.72	1.67	1.89
Diluted earnings per share	$ 1.70	1.64	1.87

The weighted average number of options to purchase shares of common stock that were excluded from the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the common stock was 20,000, 3,000 and 1,099,000 for 1999, 1998 and 1997, respectively.

(11) ACQUISITIONS

On December 1, 1997, CenturyTel acquired Pacific Telecom, Inc. ("PTI") in exchange for $1.503 billion cash and assumed PTI's debt of approximately $725 million. To finance the acquisition, which was accounted for as a purchase, CenturyTel borrowed $1.288 billion under its $1.6 billion senior unsecured credit facility (the "Senior Credit Facility") dated August 28, 1997. CenturyTel paid the remainder of the PTI acquisition price with available cash.

As a result of the acquisition, the Company acquired (i) telephone access lines located in four midwestern states, seven western states and Alaska, (ii) cellular subscribers in two midwestern states and Alaska and (iii) various wireless, cable television and other communications assets.

The following pro forma information represents the consolidated results of operations of the Company as if the PTI acquisition had been consummated as of January 1, 1997.

Year ended December 31,	1997
	(Dollars in thousands, except per share amounts) (unaudited)
Operating revenues	$ 1,392,268
Net income	256,992
Diluted earnings per share	1.87

The pro forma information is not necessarily indicative of the operating results that would have occurred if the PTI acquisition had been consummated as of January 1, 1997, nor is it necessarily indicative of future operating results. The actual results of operations of PTI have been included in the Company's consolidated financial statements only from the date of acquisition.

On December 1, 1998, the Company acquired the assets of certain local telephone and directory operations in parts of northern and central Wisconsin from affiliates of Ameritech Corporation ("Ameritech"), in exchange for approximately $221 million cash. The assets included (i) access lines and related property and equipment in 21 predominantly rural communities in Wisconsin and (ii) Ameritech's directory publishing operations that relate to nine telephone directories.

(12) ACCOUNTING FOR THE EFFECTS OF REGULATION

The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." Actions of a regulator can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71.

The Company's consolidated balance sheet as of December 31, 1999 included regulatory assets of approximately \$570.9 million and regulatory liabilities of approximately \$7.8 million. The \$570.9 million of regulatory assets included amounts related to accumulated depreciation (\$565.9 million), assets established in connection with postretirement benefits (\$690,000), income taxes (\$1.5 million) and deferred financing costs (\$2.8 million). The \$7.8 million of regulatory liabilities was established in connection with the adoption of Statement of *Financial Accounting Standards* No. 109, "Accounting For Income Taxes." Net deferred income tax liabilities related to the regulatory assets and liabilities quantified above were \$229.4 million.

Property, plant and equipment of the Company's regulated telephone operations has been depreciated using generally the straight line method over lives approved by regulators. Such depreciable lives have generally exceeded the depreciable lives used by nonregulated entities. In addition, in accordance with regulatory accounting, retirements of regulated telephone property have been charged to accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. These accounting policies have resulted in accumulated depreciation being significantly less than if the Company's telephone operations had not been regulated.

Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," specifies the accounting required when an enterprise ceases to meet the criteria for application of SFAS 71. SFAS 101 requires the elimination of the effects of any actions of regulators that have been recognized as assets and liabilities in accordance with SFAS 71 but would not have been recognized as assets and liabilities by enterprises in general, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for enterprises in general. Deferred tax liabilities and deferred investment tax credits will be impacted based on the change in the temporary differences for property, plant and equipment and accumulated depreciation.

The ongoing applicability of SFAS 71 to the Company's regulated telephone operations is being monitored due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated services or products could result in the Company's telephone operations no longer being subject to SFAS 71 in the near future. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, noncash charge against earnings which will be reported as an extraordinary item. While the effect of implementing SFAS 101 cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$300 million and

$350 million. For regulatory purposes, the accounting and reporting of the Company's telephone subsidiaries will not be affected by the discontinued application of SFAS 71.

(13) INCOME TAXES

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1999 and 1998 were as follows:

December 31,	1999	1998
	(Dollars in thousands)	
Deferred tax assets		
Postretirement benefit costs	$ 36,851	38,023
Regulatory support	13,504	15,509
Net operating loss carry forwards of an acquired subsidiary	1,689	6,716
Regulatory liability	4,907	6,230
Long-term debt	2,805	3,382
Other employee benefits	8,367	8,812
Other	10,466	9,609
Gross deferred tax assets	78,589	88,281
Less valuation allowance	(1,689)	(6,716)
Net deferred tax assets	76,900	81,565
Deferred tax liabilities		
Property, plant and equipment, primarily due to depreciation differences	(247,571)	(280,859)
Excess cost of net assets acquired	(39,070)	(16,006)
Basis difference in assets to be sold	-	(66,998)
Deferred debt costs	(3,128)	(13,309)
Customer base	(9,993)	(11,381)
Marketable equity securities	(34,656)	(8,928)
Intercompany profits	(3,259)	(3,128)
Other	(9,211)	(13,107)
Gross deferred tax liabilities	(346,888)	(413,716)
Net deferred tax liability	$ (269,988)	(332,151)

The following is a reconciliation from the statutory federal income tax rate to the Company's effective income tax rate:

Year ended December 31,	1999	1998	1997
	(Percentage of pre-tax income)		
Statutory federal income tax rate	35.0%	35.0	35.0
State income taxes, net of federal income tax benefit	2.5	3.9	2.3
Basis difference of assets sold	3.9	.2	-
Amortization of nondeductible excess cost of net assets acquired	2.7	3.3	1.1
Amortization of investment tax credits	(.4)	(.6)	(.4)
Amortization of regulatory liability	(.4)	(.6)	(.5)
Other, net	.8	(.2)	(.2)
Effective income tax rate	44.1%	41.0	37.3

Income tax expense included in the Consolidated Statements of Income for the years ended December 31, 1999, 1998 and 1997 was as follows:

Year ended December 31,	1999	1998	1997
	(Dollars in thousands)		
Federal			
Current	$ 184,872	117,490	122,861
Deferred	(11,600)	18,048	14,768
State			
Current	21,770	25,015	13,272
Deferred	(5,539)	(1,852)	1,462
	$ 189,503	158,701	152,363

Income tax expense was allocated as follows:

Year ended December 31,	1999	1998	1997
	(Dollars in thousands)		
Net tax expense in the consolidated statements of income	$ 189,503	158,701	152,363
Stockholders' equity, primarily for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes and the tax effect of unrealized holding gain on investments	13,935	(9,097)	3,850
	$ 203,438	149,604	156,213

(14) SALE OR EXCHANGE OF ASSETS

In the first quarter of 1999 the Company recorded a pre-tax gain aggregating $10.4 million ($6.7 million after-tax; $.04 per diluted share) due to the sale of its remaining common shares of MCIWorldCom, Inc. ("WorldCom").

In May 1999, the Company sold substantially all of its Alaska-based operations that were acquired in the PTI acquisition. The Company received approximately $300 million in after-tax cash as a result of the transaction. In accordance with purchase accounting, no gain or loss was recorded upon the disposition of these properties.

In June 1999, the Company sold the assets of its cellular operations in Brownsville and McAllen, Texas for approximately $96 million cash. In connection therewith, the Company recorded a pre-tax gain of approximately $39.6 million, and an after-tax loss of approximately $7.8 million ($.05 per diluted share.)

In the fourth quarter of 1999 the Company recorded a pre-tax gain aggregating $11.6 million ($7.6 million after-tax; $.05 per diluted share) due to the sale of its Telephone and Data Systems, Inc. common stock.

In connection with the first quarter 1998 acquisition of Brooks Fiber Properties, Inc. ("Brooks") by WorldCom, the Company's 551,000 shares of Brooks' common stock were converted into approximately 1.0 million shares of WorldCom common stock. The Company recorded such conversion at fair value which resulted in a pre-tax gain of approximately $22.8 million ($14.8 million after-tax; $.11 per diluted share). In the second quarter of 1998, the Company sold 750,000 shares of WorldCom common stock for

$35.6 million cash and recorded a pre-tax gain of $8.7 million ($5.7 million after tax; $.04 per diluted share).

In the second quarter of 1998, the Company sold its minority interests in two non-strategic cellular entities for approximately $31.0 million cash which resulted in a pre-tax gain of $21.8 million ($12.3 million after-tax; $.09 per diluted share). Additionally, in the second quarter the Company wrote off its minority investment in a start-up company.

During the second quarter of 1998, the Company also sold various other properties that were acquired in the PTI acquisition, including, but not limited to, the Company's submarine cable operations. The Company utilized the proceeds from these transactions to reduce its debt associated with the acquisition of PTI. In accordance with purchase accounting, no gain or loss was recorded upon the disposition of these assets.

In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks in exchange for approximately 4.3 million shares of Brooks' common stock. The Company recorded a pre-tax gain of approximately $71 million ($46 million after-tax; $.34 per diluted share). In November 1997 the Company sold approximately 3.8 million shares of Brooks' common stock for $202.7 million cash and recorded a pre-tax gain of approximately $108 million ($66 million after-tax; $.48 per diluted share).

(15) RETIREMENT AND SAVINGS PLANS

CenturyTel sponsors a defined benefit pension plan for substantially all employees. In addition, the bargaining unit employees of a subsidiary are provided benefits under a separate defined benefit pension plan. CenturyTel also sponsors an Outside Directors' Retirement Plan and a Supplemental Executive Retirement Plan to provide directors and officers, respectively, with supplemental retirement, death and disability benefits.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets for the retirement and savings plans.

December 31,	1999	1998	1997
		(Dollars in thousands)	
Change in benefit obligation			
Benefit obligation at beginning of year	$ 217,747	200,554	20,473
Service cost	5,226	5,361	793
Interest cost	13,817	13,225	2,508
Plan amendments	-	227	-
Acquisition	-	-	175,165
Actuarial (gain) loss	(19,844)	8,683	2,548
Benefits paid	(11,491)	(10,303)	(933)
Benefit obligation at end of year	$ 205,455	217,747	200,554
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	$ 278,678	237,618	22,158
Return on plan assets	52,183	50,720	4,237
Employer contributions	531	643	807
Acquisition	-	-	211,349
Benefits paid	(11,491)	(10,303)	(933)
Fair value of plan assets at end of year	$ 319,901	278,678	237,618

Net periodic pension cost for 1999, 1998 and 1997 included the following components:

December 31,	1999	1998	1997
		(Dollars in thousands)	
Service cost	$ 5,226	5,361	793
Interest cost	13,817	13,225	2,508
Expected return on plan assets	(26,824)	(22,925)	(5,715)
Recognized net gains	(3,176)	(2,688)	-
Net amortization and deferral	(235)	(300)	2,459
Net periodic pension (benefit) cost	$ (11,192)	(7,327)	45

The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1999, 1998 and 1997.

December 31,	1999	1998	1997
		(Dollars in thousands)	
Benefit obligation	$ (205,455)	(217,747)	(200,554)
Fair value of plan assets	319,901	278,678	237,618
Unrecognized transition asset	(1,892)	(2,136)	(1,550)
Unamortized prior service cost	1,031	1,053	-
Unrecognized net actuarial gain	(100,052)	(57,981)	(37,731)
Prepaid (accrued) benefit cost	$ 13,533	1,867	(2,217)

Assumptions used in accounting for the pension plans as of December 1999 and 1998 were:

	1999	1998
Discount rates	7.25%	6.5-6.75
Expected long-term rate of return on assets	8.0-10.0%	8.0-10.0

CenturyTel sponsors an Employee Stock Bonus Plan ("ESBP") and an Employee Stock Ownership Plan ("ESOP"). These plans cover most employees with one year of service with the Company and are funded by Company contributions determined annually by the Board of Directors.

The Company contributed $5.2 million, $3.7 million and $2.8 million to the ESBP during 1999, 1998 and 1997, respectively. At December 31, 1999, the ESBP owned 5.2 million shares of CenturyTel common stock.

The Company's contributions to the ESOP approximate the ESOP's debt service less dividends received by the ESOP applicable to unallocated shares. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from collateral based on the percentage of principal payment to outstanding debt before applying the principal payment. As of each year end, such released shares are allocated to active employees.

The ESOP had outstanding debt of $190,000 at December 31, 1999 which was applicable to shares purchased prior to 1993. Interest incurred by the ESOP on such debt was $49,000, $148,000 and $274,000 in 1999, 1998, and 1997, respectively. The Company contributed and expensed $405,000, $1.5 million and $1.8 million during 1999, 1998 and 1997, respectively, with respect to such shares. Dividends on unallocated ESOP shares used for debt service by the ESOP were $24,000 in 1999, $69,000 in 1998 and $126,000 in 1997. The number of ESOP shares as of December 31, 1999 and 1998 which were purchased prior to 1993 were as follows:

December 31,	1999	1998
	(In thousands)	
Allocated shares	2,921	3,153
Unreleased shares	26	77
	2,947	3,230

The Company accounts for shares purchased subsequent to December 31, 1992 in accordance with Statement of Position 93-6 ("SOP 93-6"). Accordingly, as shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares and the shares become outstanding for earnings per share computations. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt. ESOP compensation expense applicable to shares purchased subsequent to 1992 was $4.0 million for 1999, $2.9 million for 1998 and $1.5 million for 1997. The fair value of unreleased ESOP shares accounted for under SOP 93-6 was $20.0 million, $23.2 million and $13.5 million at December 31, 1999, 1998 and 1997, respectively. ESOP shares purchased subsequent to 1992 totaled 937,913, of which 515,851 were allocated and 422,062 were unreleased as of December 31, 1999.

CenturyTel also sponsors a qualified profit sharing plan pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plan") which is available to substantially all employees of the Company. The

Company's matching contributions to the 401(k) Plan were $6.1 million in 1999, $8.5 million in 1998 and $2.8 million in 1997.

(16) SUPPLEMENTAL CASH FLOW DISCLOSURES

The Company paid interest of $150.3 million, $151.4 million and $48.8 million during 1999, 1998 and 1997, respectively. Income taxes paid were $270.9 million in 1999, $185.9 million in 1998 and $79.3 million in 1997.

CenturyTel has consummated the acquisitions of various telephone and cellular operations, along with certain other assets, during the three years ended December 31, 1999. In connection with these acquisitions, the following assets were acquired, liabilities assumed, and common and preferred stock issued:

Year ended December 31,	1999	1998	1997
	(Dollars in thousands)		
Property, plant and equipment	$ 830	75,043	1,106,558
Excess cost of net assets acquired	20,194	145,880	1,204,284
Other investments	-	5,028	119,356
Notes payable	-	-	(199,824)
Long-term debt	-	-	(527,937)
Deferred credits and other liabilities	-	-	(246,196)
Other assets and liabilities, excluding cash and cash equivalents	(52)	(382)	90,889
Common stock issued	-	-	(3,316)
Decrease in cash due to acquisitions	$ 20,972	225,569	1,543,814

During 1999 the Company sold substantially all of its Alaska-based operations; the remaining shares of its WorldCom stock; the assets of its cellular operations in Brownsville and McAllen, Texas; and its Telephone and Data Systems, Inc. stock. See Note 14 for additional information.

During 1998 the Company sold various properties acquired in the PTI acquisition; a portion of its WorldCom stock; and certain cellular operations. See Note 14 for additional information.

In May 1997 the Company sold its majority-owned competitive access subsidiary in exchange for approximately 4.3 million shares of publicly-traded common stock. In November 1997 approximately 85% of such stock was sold. In addition, the Company has consummated the disposition of various cellular operations, along with certain other assets, during the three years ended December 31, 1999.

In connection with these dispositions, the following assets were sold, liabilities eliminated, assets received and gain recognized:

Year ended December 31,		1999	1998	1997
		(Dollars in thousands)		
Property, plant and equipment	$	(165,286)	-	(38,481)
Excess cost of net assets acquired		(296,605)	-	(597)
Marketable equity securities		(18,363)	(21,923)	13,795
Other assets and liabilities, excluding cash and cash equivalents		58,595	(60,525)	(7,782)
Gain on sale of assets		(62,808)	(49,859)	(169,640)
Increase in cash due to dispositions	$	(484,467)	(132,307)	(202,705)

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of certain of the Company's financial instruments at December 31, 1999 and 1998.

		Carrying amount	Fair value	
		(Dollars in thousands)		
December 31, 1999				
Financial assets				
Investments				
Marketable equity securities	$	102,633	102,633	(1)
Other	$	23,773	23,773	(3)
Financial liabilities				
Long-term debt (including current maturities)	$	2,140,409	2,092,744	(2)
Other	$	33,656	33,656	(3)
December 31, 1998				
Financial assets				
Investments				
Marketable equity securities	$	29,496	29,496	(1)
Other	$	29,813	29,813	(3)
Financial liabilities				
Long-term debt (including current maturities)	$	2,611,010	2,708,680	(2)
Other	$	32,721	32,721	(3)

(1) Fair value was based on quoted market prices.

(2) Fair value was estimated by discounting the scheduled payment streams to present value based upon rates currently offered to the Company for similar debt.

(3) Fair value was estimated by the Company to approximate carrying value.

Cash and cash equivalents, accounts receivable, notes payable, accounts payable and accrued expenses - The carrying amount approximates the fair value due to the short maturity of these instruments.

(18) BUSINESS SEGMENTS

The Company has two reportable segments: telephone and wireless. The Company's reportable segments are strategic business units that offer different products and services. The operating income of these segments is reviewed by the chief operating decision maker to assess performance and make business decisions.

The Company's telephone operations are conducted in rural, suburban and small urban communities in 20 states. Approximately 84% of the Company's telephone access lines are in Wisconsin, Washington, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana. The Company's wireless customers are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas, Arkansas and Alaska.

	Operating revenues	Depreciation amortization	Operating income
		(Dollars in thousands)	
Year ended December 31, 1999			
Telephone	$ 1,142,593	275,476	352,357
Wireless	422,269	68,593	133,930
Other operations	111,807	4,747	21,782
Total	$ 1,676,669	348,816	508,069
Year ended December 31, 1998			
Telephone	$ 1,091,610	262,893	333,708
Wireless	407,827	62,345	129,124
Other operations	77,648	3,316	16,979
Total	$ 1,577,085	328,554	479,811
Year ended December 31, 1997			
Telephone	$ 530,597	115,722	173,285
Wireless	307,742	41,146	87,772
Other operations	63,182	2,627	6,713
Total	$ 901,521	159,495	267,770

Year ended December 31,	1999	1998	1997
		(Dollars in thousands)	
Operating income	$ 508,069	479,811	267,770
Gain on sale or exchange of assets, net	62,808	49,859	169,640
Interest expense	(150,557)	(167,552)	(56,474)
Income from unconsolidated cellular entities	27,675	32,869	27,794
Minority interest	(27,913)	(12,797)	(5,498)
Other income and expense	9,190	5,268	5,109
Income before income tax expense	$ 429,272	387,458	408,341

Year ended December 31,	1999	1998	1997
	(Dollars in thousands)		
Capital expenditures			
Telephone	$ 233,512	233,190	115,854
Wireless	58,760	57,326	39,107
Other operations	97,708	20,403	26,264
Total	$ 389,980	310,919	181,225
Identifiable assets			
Telephone	$ 3,248,680	3,674,148	3,379,376
Wireless	1,184,129	1,114,955	996,089
Other operations	272,598	146,352	333,936
Total assets	$ 4,705,407	4,935,455	4,709,401

Other accounts receivable are primarily amounts due from various long distance carriers, principally AT&T, and several large local exchange operating companies.

(19) COMMITMENTS AND CONTINGENCIES

Construction expenditures and investments in vehicles, buildings and other work equipment during 2000 are estimated to be $250 million for telephone operations, $100 million for wireless operations and $65 million for other operations.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

(20) PENDING ACQUISITIONS

In June 1999, the Company signed a definitive asset purchase agreement with affiliates of GTE Corporation ("GTE") to purchase GTE's telephone access lines (which numbered approximately 225,000 at December 31, 1999) and related local exchange assets in Arkansas for approximately $845.8 million, subject to certain adjustments.

In July 1999, the Company acquired a 61.5% (56.9% fully-diluted) interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 121,000 at December 31, 1999) and related local exchange assets in Missouri for approximately $290 million, subject to certain adjustments. The Company has agreed to make a preferred equity investment in the newly organized company of approximately $55 million and to finance substantially all of the remainder of the purchase price.

In August 1999, the Company acquired an 89% interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with a GTE affiliate to purchase telephone access lines (which numbered approximately 61,700 as of December 31, 1999) and related local exchange assets in Wisconsin for approximately $170 million cash, subject to certain adjustments. The Company has agreed to make an equity investment in the newly organized company of approximately $37.8 million and currently expects to finance substantially all of the remainder of the purchase price. In October 1999, the Company also entered into a definitive asset purchase agreement to purchase additional telephone access lines (which numbered approximately 68,200 as of December 31, 1999) and related local exchange assets in Wisconsin from a GTE affiliate for approximately $195 million cash, subject to certain adjustments.

All of these transactions are expected to close mid-year 2000, pending regulatory approvals and certain other closing conditions.

(21) SUBSEQUENT EVENT

In February 2000, the Company entered into an interest rate hedge contract designed to reduce its interest rate risk with respect to $100 million of the long-term debt that it expects to incur in connection with financing its pending GTE acquisitions.

CENTURYTEL, INC.
Consolidated Quarterly Income Information
(Unaudited)

	First quarter	Second quarter	Third quarter	Fourth quarter
	(Dollars in thousands, except per share amounts) (unaudited)			
1999				
Operating revenues	$ 414,256	416,750	419,205	426,458
Operating income	$ 130,623	130,625	130,059	116,762
Net income	$ 61,105	53,462	64,529	60,673
Basic earnings per share	$ .44	.38	.46	.43
Diluted earnings per share	$ .43	.38	.46	.43
1998				
Operating revenues	$ 371,720	388,378	401,949	415,038
Operating income	$ 110,132	121,488	128,184	120,007
Net income	$ 57,694	64,191	54,678	52,194
Basic earnings per share	$ .42	.47	.40	.38
Diluted earnings per share	$ .41	.46	.39	.37

Diluted earnings per share for the first, second, third and fourth quarter of 1999 included $.04, ($.05), $.01 and $.05 per share, respectively, of net gain (loss) on sale or exchange of assets. See Note 14 for additional information.

Diluted earnings per share for both the first quarter and second quarter of 1998 included $.11 of net gain on sale or exchange of assets.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The name, age and office(s) held by each of the Registrant's executive officers are shown below. Each of the executive officers listed below serves at the pleasure of the Board of Directors, except Mr. Williams who has entered into an employment agreement with the Registrant. The agreement's initial term has lapsed, but the agreement remains in effect from year to year, subject to the right of Mr. Williams or the Company to terminate such agreement.

Name	Age	Office(s) held with CenturyTel
Clarke M. Williams	78	Chairman of the Board of Directors
Glen F. Post, III	47	Vice Chairman of the Board of Directors, President and Chief Executive Officer
R. Stewart Ewing, Jr.	48	Executive Vice President and Chief Financial Officer
Harvey P. Perry	55	Executive Vice President and Chief Administrative Officer
David D. Cole	42	Senior Vice President – Operational Support
Michael Maslowski	52	Senior Vice President and Chief Information Officer

Each of the Registrant's executive officers, except for Mr. Maslowski, has served as an officer of the Registrant and one or more of its subsidiaries in varying capacities for more than the past five years. Mr. Cole has served as Senior Vice President – Operational Support since November 1998, as President - Wireless Group from October 1996 to October 1998 and as Vice President from 1990 to 1996. Mr. Maslowski has served as Senior Vice President and Chief Information Officer since March 1999.

The balance of the information required by Item 10 is incorporated by reference to the Registrant's definitive proxy statement relating to its 2000 annual meeting of stockholders (the "Proxy Statement"), which Proxy Statement will be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 12 is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information required by Item 13 is incorporated by reference to the Proxy Statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a. Financial Statements

(i) Consolidated Financial Statements:

Independent Auditors' Report on Consolidated Financial Statements and Financial Statement Schedules

Consolidated Statements of Income for the years ended December 31, 1999, 1998 and 1997

Consolidated Statements of Comprehensive Income for the years ended December 31, 1999, 1998 and 1997

Consolidated Balance Sheets - December 31, 1999 and 1998

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999, 1998 and 1997

Notes to Consolidated Financial Statements

Consolidated Quarterly Income Information (unaudited)

(ii) Schedules:*

I Condensed Financial Information of Registrant

II Valuation and Qualifying Accounts

* Those schedules not listed above are omitted as not applicable or not required.

b. Reports on Form 8-K.

(i) The following items were reported in a Form 8-K filed November 2, 1999.

Item 5. News release announcing third quarter result of operations.

c. Exhibits:

3(i) Amended and Restated Articles of Incorporation of Registrant, dated as of May 6, 1999, (incorporated by reference to Exhibit 3(i) to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

3(ii) Registrant's Bylaws, as amended through November 18, 1999, included elsewhere herein.

4.1 Note Purchase Agreement, dated September 1, 1989, between Registrant, Teachers Insurance and Annuity Association of America and the Lincoln National Life Insurance Company (incorporated by reference to Exhibit 4.23 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989).

4.2 Rights Agreement, dated as of August 27, 1996, between Registrant and Society National Bank, as Rights Agent, including the form of Rights Certificate (incorporated by reference to Exhibit 1 of Registrant's Current Report on Form 8-K filed August 30, 1996) and amendment No.1 thereto, dated May 25, 1999 (incorporated by reference to Exhibit 4.2(ii) to Registrant's Report on Form 8-K dated May 25, 1999).

4.3 Form of common stock certificate of the Registrant (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).

4.4 Indenture dated as of March 31, 1994 between the Company and Regions Bank (formerly First American Bank & Trust of Louisiana), as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).

4.5 Resolutions designating the terms and conditions of the Company's 7-3/4% Senior Notes, Series A, due 2004 and 8-1/4% Senior Notes, Series B, due 2024 (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994).

4.6 Resolutions designating the terms and conditions of the Company's 6.55% Senior Notes, Series C, due 2005 and 7.2% Senior Notes, Series D, due 2025 (incorporated by reference to Exhibit 4.27 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

4.7 Form of Senior Notes described in 4.5 and 4.6 above (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).

4.8 Competitive Advance and Revolving Credit Facility Agreement, dated as of August 28, 1997, among Registrant, the lenders named therein, and NationsBank of Texas, N.A. (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

4.9 Resolutions designating the terms and conditions of the Company's 6.15% Senior Notes, Series E, due 2005; 6.30% Senior Notes, Series F, due 2008; and 6.875% Debentures, Series G, due 2028, (incorporated by reference to Exhibit 4.9 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).

4.10 Form of Board Resolution to be used in designating and authorizing the terms and conditions of any series of Senior Debt Securities issuable under the Company's shelf registration statement (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 333-42013).

4.11 Form of Senior Debt Securities described in 4.9 above (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-3, Registration No. 333-42013).

4.12 First Supplemental Indenture, dated as of November 2, 1998, to Indenture between CenturyTel of the Northwest, Inc. and The First National Bank of Chicago (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

10.1 Employee Benefit Plans

(a) Registrant's Employee Stock Ownership Plan and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendment thereto dated March 18, 1997 (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997), and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1 (a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(b) Registrant's Stock Bonus Plan, PAYSOP and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended

March 31, 1995), amendment thereto dated July 11, 1995 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997), and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1 (b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(c) Registrant's Dollars & Sense Plan and Trust, as amended and restated, effective January 1, 1998 and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1 (c) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(d) Registrant's Restated Supplemental Executive Retirement Plan, generally effective as of November 16, 1995 (incorporated by reference to Exhibit 10.1(d) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(d) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(e) Registrant's 1983 Restricted Stock Plan, dated February 21, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996, (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(f) Registrant's Key Employee Incentive Compensation Plan, dated January 1, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(g) Registrant's 1988 Incentive Compensation Program as amended and restated August 22, 1989 (incorporated by reference to Exhibit 19.8 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(g) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(h) Form of Stock Option Agreement entered into in 1988 by the Registrant, pursuant to 1988 Incentive Compensation Program, with certain of its officers (incorporated by reference to Exhibit 10.10 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1988) and amendment thereto (incorporated by reference to Exhibit 4.6 to Registrant's Registration No. 33-31314).

(i) Registrant's 1990 Incentive Compensation Program, dated March 15, 1990 (incorporated by reference to Exhibit 19.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(j) Form of Stock Option Agreement entered into in 1990 by the Registrant, pursuant to 1990 Incentive Compensation Program, with certain of its officers (incorporated by reference to Exhibit 19.3 to

Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

(k) Form of Stock Option Agreement entered into in 1992 by the Registrant, pursuant to 1990 Incentive Compensation Program, with certain of its officers and employees (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

(l) Registrant's 1995 Incentive Compensation Plan approved by Registrant's shareholders on May 11, 1995 (incorporated by reference to Exhibit 4.4 to Registration No. 33-60061) and amendment thereto dated November 21, 1996 (incorporated by Reference to Exhibit 10.1 (l) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(m) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of May 22, 1995, entered into by Registrant and its officers (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).

(n) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of June 23, 1995, entered into by Registrant and certain key employees (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).

(o) Registrant's Restated Supplemental Defined Contribution Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(q) to Registrant's Annual Report on Form 10-K for the year ended

December 31, 1995), amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (p) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(p) Registrant's Amended and Restated Supplemental Dollars & Sense Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1 (q) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(q) Registrant's Amended and Restated Salary Continuation (Disability) Plan for Officers, dated November 26, 1991 (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1991).

(r) Registrant's Restated Outside Directors' Retirement Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(t) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(s) Registrant's Restated Deferred Compensation Plan for Outside Directors, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(u) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(t) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 21, 2000, entered into by Registrant and its officers, included elsewhere herein.

(u) Registrant's Chairman/Chief Executive Officer Short-Term Incentive Program (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

(v) Form of Amended and Restated Restricted Stock and Performance Share Agreement dated as of March 16, 1998, relating to equity incentive awards granted in 1997 pursuant to Registrant's 1995

Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

(w) Form of Restricted Stock and Performance Share Agreement, dated as of March 16, 1998, relating to equity incentive awards granted in 1998 pursuant to Registrant's 1995 Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

(x) Form of Restricted Stock and Performance Share Agreement, dated as of February 22, 1999, relating to equity incentive awards granted in 1999 pursuant to the Registrant's 1995 Incentive Compensation Plan, included elsewhere herein.

(y) Registrant's Supplemental Defined Benefit Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1 (y) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(z) Registrant's Amended and Restated Retirement Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1 (z) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

10.2 Employment, Severance and Related Agreements

(a) Employment Agreement, dated May 24, 1993, by and between Clarke M. Williams and Registrant (incorporated by reference to Exhibit 19.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993) and amendment thereto dated as of February 27, 1996 (incorporated by reference to Exhibit 10.2(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(b) Form of Amended and Restated Severance Agreement, by and between Registrant and each of its executive officers other than Clarke M. Williams, dated as of November 16, 1995 (incorporated by reference to

Exhibit 10.2(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(c) Form of Amended and Restated Severance Agreement, by and between Registrant and three of its officers who are not executive officers, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.2(c) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(d) Agreement, dated December 31, 1994, by and between Jim D. Reppond and Registrant (incorporated by reference to Exhibit 10.24 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).

(e) Consulting Agreement, dated as of July 2, 1996, by and between Registrant and Jim D. Reppond (incorporated by reference to Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996).

10.3 Other Agreements

(a) Asset Purchase Agreement between Registrant and affiliates of GTE, dated June 29, 1999 (incorporated by reference to Exhibit 99 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

21 Subsidiaries of the Registrant, included elsewhere herein.

23 Independent Auditors' Consent, included elsewhere herein.

27 Financial Data Schedule, included elsewhere herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CenturyTel, Inc.,

Date: March 15, 2000

By: /s/ Clarke M. Williams
Clarke M. Williams
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Clarke M. Williams Clarke M. Williams	Chairman of the Board of Directors	March 15, 2000
/s/ Glen F. Post, III Glen F. Post, III	Vice Chairman of the Board of Directors, President, and Chief Executive Officer	March 15, 2000
/s/ R. Stewart Ewing, Jr. R. Stewart Ewing, Jr	Executive Vice President and Chief Financial Officer (Principal Accounting Officer)	March 15, 2000
/s/ Harvey P. Perry Harvey P. Perry	Executive Vice President, Chief Administrative Officer and Director	March 15, 2000
/s/ W. Bruce Hanks W. Bruce Hanks	Vice President Strategic Issues and Director	March 15, 2000
/s/ William R. Boles, Jr. William R. Boles, Jr.	Director	March 15, 2000
/s/ Virginia Boulet Virginia Boulet	Director	March 15, 2000

______________________ Ernest Butler, Jr.	Director	March 15, 2000
/s/ Calvin Czeschin Calvin Czeschin	Director	March 15, 2000
/s/ James B. Gardner James B. Gardner	Director	March 15, 2000
/s/ R. L. Hargrove, Jr. R. L. Hargrove, Jr.	Director	March 15, 2000
/s/ Johnny Hebert Johnny Hebert	Director	March 15, 2000
/s/ F. Earl Hogan F. Earl Hogan	Director	March 15, 2000
/s/ C. G. Melville, Jr. C. G. Melville, Jr.	Director	March 15, 2000
/s/ Jim D. Reppond Jim D. Reppond	Director	March 15, 2000

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CENTURYTEL, INC.
(Parent Company)
STATEMENTS OF INCOME

	Year ended December 31,		
	1999	1998	1997
	(Dollars in thousands)		
REVENUES	$ 15,542	16,055	9,666
EXPENSES			
Operating expenses	12,754	15,788	9,088
Depreciation and amortization	7,153	31,842	9,401
Total expenses	19,907	47,630	18,489
OPERATING LOSS	(4,365)	(31,575)	(8,823)
OTHER INCOME (EXPENSE)			
Gain on sales of assets	1,931	28,085	172,537
Interest expense	(117,760)	(131,309)	(49,738)
Interest income	48,078	40,005	28,697
Total other income (expense)	(67,751)	(63,219)	151,496
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN SUBSIDIARIES' EARNINGS	(72,116)	(94,794)	142,673
Income tax benefit (expense)	33,179	21,857	(55,591)
INCOME (LOSS) BEFORE EQUITY IN SUBSIDIARIES' EARNINGS	(38,937)	(72,937)	87,082
Equity in subsidiaries' earnings	278,706	301,694	168,896
NET INCOME	$ 239,769	228,757	255,978

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(continued)
CENTURYTEL, INC.
(Parent Company)
BALANCE SHEETS

	December 31, 1999	December 31, 1998
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,400	6,540
Receivables from subsidiaries	337,600	142,912
Other receivables	513	23,906
Prepayments and other	225	259
Total current assets	350,738	173,617
PROPERTY, PLANT AND EQUIPMENT		
Property and equipment	1,004	1,162
Accumulated depreciation	(683)	(676)
Net property, plant and equipment	321	486
INVESTMENTS AND OTHER ASSETS		
Investments in subsidiaries (at equity)	3,422,022	3,170,861
Receivables from subsidiaries	343,169	514,366
Other investments	43,028	42,418
Deferred charges	54,776	58,073
Total investments and other assets	3,862,995	3,785,718
TOTAL ASSETS	$ 4,214,054	3,959,821
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 37,427	30,046
Payables to subsidiaries	837,645	365,517
Accrued interest	26,956	27,711
Other accrued liabilities	10,035	23,475
Total current liabilities	912,063	446,749
LONG-TERM DEBT	1,428,326	1,852,253
PAYABLES TO SUBSIDIARIES	4,348	32,406
DEFERRED CREDITS AND OTHER LIABILITIES	21,325	96,931
STOCKHOLDERS' EQUITY		
Common stock, $1.00 par value, authorized 350,000,000 shares, issued and outstanding 139,945,920 and 138,082,926 shares	139,946	138,083
Paid-in capital	493,432	451,535
Unrealized holding gain on investments, net of taxes	64,362	7,217
Retained earnings	1,146,967	932,611
Unearned ESOP shares	(4,690)	(6,070)
Preferred stock - non-redeemable	7,975	8,106
Total stockholders' equity	1,847,992	1,531,482
TOTAL LIABILITIES AND EQUITY	$ 4,214,054	3,959,821

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(Continued)
CENTURYTEL, INC.
(Parent Company)
STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	1999	1998	1997
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	$ 239,769	228,757	255,978
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,153	31,842	9,401
Deferred income taxes	(10,357)	12,902	8,068
Earnings of subsidiaries	(278,706)	(301,694)	(168,896)
Gain on sale of assets	(1,931)	(28,085)	(172,537)
Changes in current assets and current liabilities:			
Other receivables	23,393	(23,114)	11,615
Other accrued liabilities	(83,749)	(40,535)	35,754
Other current assets and liabilities, net	(435)	37,754	8,412
Other, net	6,060	9,724	958
Net cash used in operating activities	(98,803)	(72,449)	(11,247)
INVESTING ACTIVITIES			
Acquisitions	-	(225,569)	(1,283,291)
Capital contributions to subsidiaries	-	-	(16,634)
Dividends received from subsidiaries	162,149	116,906	117,499
Receivables from subsidiaries	(22,607)	303,221	(235,772)
Payables to subsidiaries	380,505	(90,319)	9,738
Proceeds from sales of assets	3,444	40,778	202,705
Note receivable	-	-	22,500
Other, net	2,569	(28,046)	(14,959)
Net cash provided by (used in) investing activities	526,060	116,971	(1,198,214)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	-	950,000	1,297,435
Payments of long-term debt	(415,166)	(960,274)	(52,214)
Payment of hedge contracts	-	(40,237)	-
Proceeds from issuance of common stock	19,182	15,033	14,156
Payment of debt issuance costs	-	(6,625)	-
Cash dividends paid	(25,413)	(24,179)	(22,671)
Net cash provided by (used in) financing activities	(421,397)	(66,282)	1,236,706
Net increase (decrease) in cash and cash equivalents	5,860	(21,760)	27,245
Cash and cash equivalents at beginning of year	6,540	28,300	1,055
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 12,400	6,540	28,300

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(continued)
CENTURYTEL, INC.
(Parent Company)
NOTES TO CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(A) LONG-TERM DEBT

The approximate annual debt maturities for the five years subsequent to December 31, 1999 are as follows:

2000	-	$ 37.4 million
2001	-	$ 56.6 million
2002	-	$ 302.3 million
2003	-	$ 3.8 million
2004	-	$ 50.5 million

(B) GUARANTEES

As of December 31, 1999, CenturyTel has guaranteed debt of subsidiaries totaling $325.8 million.

(C) DIVIDENDS FROM SUBSIDIARIES

Dividends paid to CenturyTel by consolidated subsidiaries were $162.1 million, $116.9 million and $117.5 million during 1999, 1998 and 1997, respectively.

(D) INCOME TAXES AND INTEREST PAID

Income taxes paid by CenturyTel (including amounts reimbursed from subsidiaries) were $217.0 million, $162.0 million and $71.8 million during 1999, 1998, and 1997 respectively.

Interest paid by CenturyTel was $118.5 million, $114.7 million and $42.4 million during 1999, 1998 and 1997, respectively.

(E) AFFILIATED TRANSACTIONS

CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. CenturyTel recorded intercompany interest income of $47.8 million, $39.7 million and $26.6 million in 1999, 1998 and 1997, respectively.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
CENTURYTEL, INC.

For the years ended December 31, 1999, 1998 and 1997

Description	Balance at beginning of period	Additions charged to costs and expenses	Deductions from allowance (1)	Other changes (2)	Balance at end of period
		(Dollars in thousands)			
Year ended December 31, 1999					
Allowance for doubtful accounts	$ 4,155	7,680	(7,494)	(191)	4,150
Year ended December 31, 1998					
Allowance for doubtful accounts	$ 5,954	13,951	(15,775)	25	4,155
Year ended December 31, 1997					
Allowance for doubtful accounts	$ 3,327	11,838	(9,975)	764	5,954

(1) Customers' accounts written-off, net of recoveries.

(2) Allowance for doubtful accounts at the date of acquisition of purchased subsidiaries, net of allowance for doubtful accounts at the date of disposition of subsidiaries sold.

EXHIBIT 21

CENTURYTEL, INC.
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1999

Subsidiary	State of incorporation
Actel Corporation	Louisiana
Celutel of Biloxi, Inc.	Delaware
Celutel, Inc.	Delaware
Century Business Communications, LLC	Louisiana
Century Cellunet of Alexandria, Inc.	Louisiana
Century Cellunet of Michigan RSA #4, Inc.	Louisiana
Century Cellunet of Michigan RSAs, Inc.	Louisiana
Century Cellunet of Mississippi RSA #2, Inc.	Mississippi
Century Cellunet of Mississippi RSA #5, Inc.	Mississippi
Century Cellunet of Mississippi RSA #6, Inc.	Mississippi
Century Cellunet of Mississippi RSA #7, Inc.	Mississippi
Century Cellunet of North Arkansas, Inc.	Louisiana
Century Cellunet of Pine Bluff, LLC	Arkansas
Century Cellunet of Saginaw, Inc.	Louisiana
Century Cellunet of South Arkansas, Inc.	Louisiana
Century Cellunet of Southern Michigan, Inc.	Delaware
Century Cellunet of Texarkana, Inc.	Louisiana
Century Color Graphics, LLC	Louisiana
Century Interactive Communications, Inc.	Louisiana
Century Interactive Fax, Inc.	Louisiana
CenturyTel Holdings, Inc.	Louisiana
CenturyTel Investments, LLC	Louisiana
CenturyTel Long Distance, Inc.	Louisiana
CenturyTel Michigan Network, LLC	Louisiana
CenturyTel Midwest - Michigan, Inc.	Michigan
CenturyTel of Adamsville, Inc.	Tennessee
CenturyTel of Arkansas, Inc.	Arkansas
CenturyTel of Central Indiana, Inc.	Indiana
CenturyTel of Central Louisiana, LLC	Louisiana
CenturyTel of Chatham, LLC	Louisiana
CenturyTel of Chester, Inc.	Iowa
CenturyTel of Claiborne, Inc.	Tennessee
CenturyTel of Colorado, Inc.	Colorado
CenturyTel of Cowiche, Inc.	Washington
CenturyTel of Eagle, Inc.	Colorado
CenturyTel of East Louisiana, LLC	Louisiana
CenturyTel of Eastern Oregon, Inc.	Oregon
CenturyTel of Evangeline, LLC	Louisiana
CenturyTel of Fairwater-Brandon-Alto, Inc.	Wisconsin
CenturyTel of Forestville, Inc.	Wisconsin
CenturyTel of Greater Wisconsin, Inc.	Wisconsin
CenturyTel of Idaho, Inc.	Delaware
CenturyTel of Inter Island, Inc.	Washington
CenturyTel Internet Services, LLC	Louisiana
CenturyTel of Lake Dallas, Inc.	Texas
CenturyTel of Larsen-Readfield, Inc.	Wisconsin
CenturyTel of Michigan, Inc.	Michigan
CenturyTel of Minnesota, Inc.	Minnesota
CenturyTel of Monroe County, Inc.	Wisconsin
CenturyTel of Montana, Inc.	Oregon
CenturyTel of Mountain Home, Inc.	Arkansas
CenturyTel of North Louisiana, LLC	Louisiana
CenturyTel of North Mississippi, Inc.	Mississippi

CenturyTel of Northern Michigan, Inc.	Michigan
CenturyTel of Northern Wisconsin, Inc.	Wisconsin
CenturyTel of Northwest Louisiana, Inc.	Louisiana
CenturyTel of Northwest Wisconsin, Inc.	Wisconsin
CenturyTel of Odon, Inc.	Indiana
CenturyTel of Ohio, Inc.	Ohio
CenturyTel of Ooltewah-Collegedale, Inc.	Tennessee
CenturyTel of Oregon, Inc.	Oregon
CenturyTel of Port Aransas, Inc.	Texas
CenturyTel of Postville, Inc.	Iowa
CenturyTel of Redfield, Inc.	Arkansas
CenturyTel of Ringgold, LLC	Louisiana
CenturyTel of San Marcos, Inc.	Texas
CenturyTel of South Arkansas, Inc.	Arkansas
CenturyTel of Southeast Louisiana, LLC	Louisiana
CenturyTel of Southern Wisconsin, Inc.	Wisconsin
CenturyTel of Southwest Louisiana, LLC	Louisiana
CenturyTel of the Gem State, Inc.	Idaho
CenturyTel of the Midwest-Kendall, Inc.	Wisconsin
CenturyTel of the Midwest-Wisconsin, Inc.	Wisconsin
CenturyTel of the Northwest, Inc.	Washington
CenturyTel of the Southwest, Inc.	New Mexico
CenturyTel of Upper Michigan, Inc.	Michigan
CenturyTel of Washington, Inc.	Washington
CenturyTel of Wisconsin, Inc.	Wisconsin
CenturyTel of Wyoming, Inc.	Wyoming
CenturyTel Paging, Inc.	Louisiana
CenturyTel Personal Access Network, Inc.	Louisiana
CenturyTel Security Systems, Inc.	Louisiana
CenturyTel Service Group, LLC	Louisiana
CenturyTel Solutions, LLC	Louisiana
CenturyTel Supply Group, Inc.	Louisiana
CenturyTel Telecommunications, Inc.	Texas
CenturyTel Telelink, Inc.	Louisiana
CenturyTel Wireless Louisiana, Inc.	Louisiana
CenturyTel Wireless of Appleton-Oshkosh-Neenah MSA, LLC	Delaware
CenturyTel Wireless of La Crosse, LLC	Delaware
CenturyTel Wireless of North Louisiana, LLC	Louisiana
CenturyTel Wireless of Shreveport, LLC	Louisiana
CenturyTel Wireless of Wisconsin RSA #1, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #10, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #2, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #3, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #6, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #8, LLC	Delaware
CenturyTel Wireless, Inc.	Louisiana
CenturyTel/Area Long Lines, Inc.	Wisconsin
CenturyTel/Remote Access, Inc.	Louisiana
CenturyTel/Tele-Max, Inc.	Texas
CenturyTel/Teleview of Wisconsin, Inc.	Wisconsin
CenturyTel/WORLDVOX, Inc.	Oregon
Eau Claire Cellular, Inc.	Colorado
Jackson Cellular Telephone Co., Inc.	Delaware
MVI Corp.	Oregon
North-West Cellular of Eau Claire, Inc.	Wisconsin
Pacific Telecom Cellular of Alaska RSA #1, Inc. (Note 1)	Alaska
Pacific Telecom Cellular of Michigan RSA #1, Inc.	Michigan
Pacific Telecom Cellular of Michigan RSA #2, Inc.	Michigan
Pacific Telecom Cellular of Michigan, Inc.	Michigan
Pacific Telecom Cellular of Oregon, Inc.	Oregon

Pacific Telecom Cellular of Washington, Inc.	Washington
Pacific Telecom Cellular, Inc.	Wisconsin
Pascagoula Cellular Services, Inc.	Mississippi

Certain of the Company's smaller subsidiaries have been intentionally omitted from this exhibit pursuant to rules and regulations of the Securities and Exchange Commission.

Note 1. Sold in February 2000

Independent Auditors' Consent

The Board of Directors
CenturyTel, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 333-42013 and No. 333-91361) on Form S-3, the Registration Statements (No. 33-17113, No. 33-46562, No. 33-60061, No. 333-67815 and No. 333-91351) on Form S-8, the Registration Statements (No. 33-31314 and No. 33-46473) on combined Form S-8 and Form S-3, and the Registration Statements (No. 33-48956 and No. 333-17015) on Form S-4 of CenturyTel, Inc. of our report dated January 26, 2000, relating to the consolidated balance sheets of CenturyTel, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows and related financial statement schedules for each of the years in the three-year period ended December 31, 1999, which report appears in the December 31, 1999 annual report on Form 10-K of CenturyTel, Inc.

/s/ KPMG LLP

KPMG LLP

Shreveport, Louisiana
March 14, 2000

EXHIBIT D

Proposed Tariff

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES

APPLYING TO COMPETITIVE LOCAL EXCHANGE TELECOMMUNICATIONS

SERVICES WITHIN THE STATE OF ARIZONA

This Tariff applies to the Competitive Local Exchange Telecommunications Services furnished by CenturyTel Solutions, LLC, ("Company") between one or more points in the State of Arizona. This Tariff is on file with the Arizona Corporation Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business, 100 Century Park Drive, Monroe, LA 71203.

CHECK SHEET

The Pages of this Tariff are effective as of the date shown. The original and revised Pages named below contain all changes from the original Tariff and are in effect on the date shown.

Page	Revision	Page	Revision	Page	Revision	Page	Revision
1	Original	32	Original	63	Original	94	Original
2	Original	33	Original	64	Original	95	Original
3	Original	34	Original	65	Original	96	Original
4	Original	35	Original	66	Original	97	Original
5	Original	36	Original	67	Original	98	Original
6	Original	37	Original	68	Original	99	Original
7	Original	38	Original	69	Original	100	Original
8	Original	39	Original	70	Original	101	Original
9	Original	40	Original	71	Original	102	Original
10	Original	41	Original	72	Original	103	Original
11	Original	42	Original	73	Original	104	Original
12	Original	43	Original	74	Original	105	Original
13	Original	44	Original	75	Original	106	Original
14	Original	45	Original	76	Original	107	Original
15	Original	46	Original	77	Original	108	Original
16	Original	47	Original	78	Original	109	Original
17	Original	48	Original	79	Original	110	Original
18	Original	49	Original	80	Original	111	Original
19	Original	50	Original	81	Original	112	Original
20	Original	51	Original	82	Original	113	Original
21	Original	52	Original	83	Original	114	Original
22	Original	53	Original	84	Original	115	Original
23	Original	54	Original	85	Original	116	Original
24	Original	55	Original	86	Original	117	Original
25	Original	56	Original	87	Original	118	Original
26	Original	57	Original	88	Original	119	Original
27	Original	58	Original	89	Original	120	Original
28	Original	59	Original	90	Original	121	Original
29	Original	60	Original	91	Original	122	Original
30	Original	61	Original	92	Original	123	Original
31	Original	62	Original	93	Original	124	Original

By: Susan Smith, Director of Government Relations
3505 Summerhill Road, #4
Texarkana, Arizona 75503

Page	Revision	Page	Revision	Page	Revision
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130	Original	166	Original	202	Original
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132	Original	168	Original	204	Original
133	Original	169	Original	205	Original
134	Original	170	Original	206	Original
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139	Original	175	Original	211	Original
140	Original	176	Original	212	Original
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142	Original	178	Original	214	Original
143	Original	179	Original	215	Original
144	Original	180	Original	216	Original
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146	Original	182	Original	218	Original
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150	Original	186	Original	222	Original
151	Original	187	Original	223	Original
152	Original	188	Original	224	Original
153	Original	189	Original	225	Original
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157	Original	193	Original		
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EXPLANATION OF SYMBOLS

A revision of a Tariff Page is coded to designate the type of change from the previous revision. These symbols, which appear in the right-hand margin of the Page, are used to signify:

C - Change in Regulation

D - Discontinued rate or regulation

I - Increased rate

M - Moved from another tariff location

N - New rate or regulation

R - Reduction in a rate or charge

T - Changed in text but no change in rate or regulation

EXPLANATION OF TERMS

AGENCY
For 911 or E911 service, the government agency(ies) designated as having responsibility for the control and staffing of the emergency report center.

ALTERNATE ROUTING ("AR")
Allows E911 calls to be routed to a designated alternate location if (1) all E911 exchange lines to the primary PSAP (see definition of PSAP below) are busy, or (2) the primary PSAP closes for a period (night service).

AUTHORIZED USER
A person, corporation or other entity who is authorized by the Company's Customer to utilize service provided by the Company to the Customer. The Customer is responsible for all charges incurred by an Authorized User.

ATTENDANT
An operator of a PBX console or telephone switchboard.

AUTOMATIC LOCATION IDENTIFICATION ("ALI")
The name and address associated with the calling party's telephone number (identified by ANI as defined below) is forwarded to the PSAP for display. Additional telephones with the same number as the calling party's (secondary locations, off premises, etc.) will be identified with the address of the telephone number at the main location.

AUTOMATIC NUMBER IDENTIFICATION ("ANI")
A system whereby the calling party's telephone number is identified and sent forward with the call record for routing and billing purposes. E911 Service makes use of this system.

CALL INITIATION
The point in time when the exchange network facility is initially allocated for the establishment of a specific call.

CALL TERMINATION
The point in time when the exchange network facility allocated to a specific call is released for reuse by the network.

CENTRAL OFFICE
An operating office of the Company where connections are made between telephone exchange lines.

CENTRAL OFFICE LINE
A line providing direct or indirect access from a telephone or switchboard to a central office. Central office lines subject to PBX rate treatment are referred to as central office trunks.

EXPLANATION OF TERMS (Cont'd)

CHANNEL
A point-to-point bi-directional path for digital transmission. A channel may be furnished in such a manner as the Company may elect, whether by wire, fiber optics, radio or a combination thereof and whether or not by means of single physical facility or route. One 1.544 Mbps Service is equivalent to 24 channels.

COMMISSION
Arizona Corporation Commission.

COMPANY
CenturyTel Solutions, LLC, unless otherwise clearly indicated from the context.

CUSTOMER
The person, firm, corporation, or other entity which orders service pursuant to this Tariff and utilizes service provided under Tariff by the Company. A Customer is responsible for the payment of charges and for compliance with all terms of the Company's Tariff.

CUSTOMER PREMISES EQUIPMENT ("CPE")
Equipment provided by the Customer for use with the Company's services. CPE can include a station set, facsimile machine, key system, PBX, or other communication system.

DEFAULT ROUTING ("DR")
When an incoming E911 call cannot be selectively routed due to an ANI failure, garbled digits or other causes, such incoming calls are routed from the E911 Control Office to a default PSAP. Each incoming E911 facility group to the Control Office is assigned to a designated default PSAP.

DIAL PULSE ("DP")
The pulse type employed by a rotary dial station set.

DIRECT INWARD DIAL ("DID")
A service attribute that routes incoming calls directly to stations, by-passing a central answer point.

DIRECT OUTWARD DIAL ("DOD")
A service attribute that allows individual station users to access and dial outside numbers directly.

DUAL TONE MULTI-FREQUENCY ("DTMF")
The pulse type employed by tone dial station sets. (Touch tone)

EXPLANATION OF TERMS (Cont'd)

E911 SERVICE AREA
The geographic area in which the government agency will respond to all E911 calls and dispatch appropriate emergency assistance.

E911 CUSTOMER
A governmental agency that is the Customer of record and is responsible for all negotiations, operations and payment of bills in connection with the provision of E911 service.

EXCHANGE
An area, consisting of one or more central office districts, within which a call between any two points is a local call.

EXCHANGE ACCESS LINE
A central office line furnished for direct or indirect access to the exchange system.

EXCHANGE SERVICE
The provision to the subscriber of access to the exchange system for the purpose of sending and receiving calls. This access is achieved through the provision of a central office line (exchange access line) between the central office and the subscriber's premises.

FINAL ACCOUNT
A Customer whose service has been disconnected who has outstanding charges still owed to the Company.

FLAT RATE SERVICE
The type of exchange service provided at a monthly rate with an unlimited number of calls within a specified primary calling area.

HANDICAPPED PERSON
A person who is legally blind, visually handicapped or physically handicapped, under the following definitions from the Federal Register (Vol. 35 #126 dated June 30, 1970).

Legally Blind - a person whose visual acuity is 20/200 or less in the better eye with correcting glasses, or whose widest diameter of visual field subtends an angular distance no greater than 20 degrees.

Visually Handicapped - a person whose visual disability, with correction and regardless of optical measurement with respect to legal blindness, are certified as unable to read normal printed material.

EXPLANATION OF TERMS (Cont'd)

HANDICAPPED PERSON (Cont'd)

Physically Handicapped - a person who is certified by competent authority as unable to read or use ordinary printed materials as a result of physical limitation, or a person whose disabling condition causes difficulty with hand and finger coordination and use of a coin telephone.

The term "Handicapped Person", when used in connection with a person having a speech or hearing impairment which requires that they communicate over telephone facilities by means other than voice is defined below:

Hearing - a person with binaural hearing impairment of 60% or higher on the basis of the procedure developed by the American Academy of Otolaryngology (A.A.O.) as set forth in "Guide for Conservation of Hearing in Noise" 38-43, A.A.O., 1973; "guides to the Evaluation of Permanent Impairment" 103-107, American Medical Association, 1971.

Speech - a person with 65% or higher of impairment on the basis of the procedure recommended by the American Medical Association's Committee on Rating of Mental and Physical Impairment to evaluate speech impairment as to three categories: audibility, intelligibility and functional efficiency, as set forth in "Guides to the Evaluation of Permanent Impairment" 109-III, American Medical Association, 1971.

ICB
Individual Case Basis

INTERFACE
That point on the premises of the subscriber at which provision is made for connection of facilities provided by someone other than the Company to facilities provided by the Company.

INTERRUPTION
The inability to complete calls, either incoming or outgoing or both, due to Company facilities malfunction or human errors.

JOINT USER
A person, firm or corporation which is designated by the Customer as a user of services furnished to the Customer by the Company and to whom a portion of the charges for the service will be billed under a joint user arrangement.

LATA
Local Access and Transport Area. The area within which the Company provides local and long distance ("intraLATA") service. For call to numbers outside the area, ("interLATA") service is provided by long distance companies.

EXPLANATION OF TERMS (Cont'd)

LINK
The physical facility from the network interface on an end-user's or carrier's premises to the point of interconnection on the main distribution frame of the Company's central office.

LOCAL CALL
A call which, if placed by a Customer over the facilities of the Company, is not rated as a toll call.

LOCAL CALLING AREA
The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a toll charge.

LOCAL SERVICE
Telephone exchange service within a local calling area.

LOOP START
Describes the signaling between the terminal equipment or PBX/key system interface and the Company's switch. It is the signal requesting service.

LOOPS
Segments of a line which extend from the serving central office to the originating and to the terminating point.

MESSAGE RATE SERVICE
A type of exchange service provided at a monthly rate with an additional charge for local calling based on the usage of the local network. One completed call is equal to one message.

MOVE
The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

MULTILINE HUNT
A method of call signaling by which a call placed to one number is subsequently routed to one or more alternative numbers when the called number is busy.

NOC
Not Offered Currently

EXPLANATION OF TERMS (Cont'd)

ON-NET
Telecommunications services which are transported exclusively over facilities installed by the Company rather than the facilities of another carrier.

PORT
A connection to the switching network with one or more voice grade communications channels, each with a unique network address (telephone number) dedicated to the Customer. A port connects a link to the public switched network.

PRIVATE BRANCH EXCHANGE SERVICE
Service providing facilities for connecting central office trunks and tie lines to PBX stations, and for interconnecting PBX station lines by means of a switchboard or dial apparatus.

RATE CENTER
A geographic reference point with specific coordinates on a map used for determining mileage when calculating changes.

REFERRAL PERIOD
The time frame during which calls to a number which has been changed will be sent to a recording which will inform the caller of the new number.

SELECTIVE ROUTING ("SR")
A feature that routes an E911 call from a Central Office to the designated primary PSAP based upon the identified number of the calling party.

TOLL CALL
Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

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APPLICATION OF TARIFF

1 - APPLICATION OF TARIFF

1.1 APPLICATION OF TARIFF

This Tariff sets forth the service offerings, rates, terms and conditions applicable to facilities-based and resold telecommunications services provided by CenturyTel Solutions, LLC to Customers within the State of Arizona.

1.1.1 Service Territory

CenturyTel Solutions, LLC will provide service within the State of Arizona.

1.1.2 Availability

Service is available where facilities permit.

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GENERAL RULES AND REGULATIONS

2 - GENERAL RULES AND REGULATIONS

2.1 USE OF FACILITIES AND SERVICES

2.1.1 Obligation of the Company

In furnishing facilities and service, the Company does not undertake to transmit messages, but furnishes the use of its facilities to its Customers for communications. The Company undertakes to furnish communications service pursuant to the terms of this Tariff in connection with one-way and/or two-way information transmission between points within the State of Arizona.

a. The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.

b. The furnishing of service under this Tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

The Company's obligation to furnish facilities and service is dependent upon its ability (a) to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment; (b) to secure and retain, without unreasonable expense, suitable space for its plant and facilities in the building where service is or will be provided to the Customer; or (c) to secure reimbursement of all costs where the owner or operator of a building demands relocation or rearrangement of plant and facilities used in providing service therein.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.1 Obligation of the Company (Cont'd)

The Company shall not be required to furnish, or continue to furnish, facilities or service where the circumstances are such that the proposed use of the facilities or service would tend to adversely affect the Company's plant, property or service.

The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability

2.1.2.1 The liability of the Company for damages arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in this Tariff. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.

2.1.2.2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers.

2.1.2.4 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

2.1.2.5 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section as a condition precedent to such installations.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.6 The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees.

2.1.2.7 The Company is not liable for any claims for loss or damages involving:

(a) Breach in the privacy or security of communications transmitted over the Company's facilities;

(b) Injury to property or injury or death to persons, including claims for payments made under Worker's Compensation law or under any plan for employee disability or death benefits arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected or to be connected to the Company's facilities;

(c) Any representations made by Company employees that do not comport, or that are inconsistent, with the provisions of this Tariff;

(d) Any act or omission in connection with the provision of 911, E911 or similar services;

(e) Any noncompletion of calls due to network busy conditions.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.8 The Company shall be indemnified, defended held harmless by the Customer against any claim, loss, or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.

(a) The Company shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Company or Customer equipment or facilities or service provided by the Company.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.8 (Cont'd)

(b) The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, including attorney fees, whether suffered, made, instituted or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service.

(c) The Company assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities, or for other facilities provided by other entities used for service to the Customer, even if the Company has acted as the Customer's agent in arranging for such facilities or services. Such facilities are provided subject to such degree of protection or nonpreemptibility as may be provided by the other entities.

(d) Any claim of whatever nature against the Company shall be deemed conclusively to have been waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.2 Limitations on Liability (Cont'd)

2.1.2.9 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

2.1.2.10 The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid Company by Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered.

2.1.2.11 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.3 Use of Service

Any service provided under this Tariff may be resold to or shared (jointly used) with other persons at the Customer's option. The Customer remains solely responsible for all use of service ordered by it or billed to its telephone number(s) pursuant to this Tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The Company may advise its Customers that a portion of its service is provided by the Company, but the Customer shall not represent that the Company jointly participates with the Customer in the provision of the service.

2.1.4 Use and Ownership of Equipment

The Company's equipment, apparatus, channels and lines shall be carefully used. Equipment furnished by the Company shall remain its property and shall be returned to the Company whenever requested, within a reasonable period following the request, in good condition, reasonable wear and tear accepted. The Customer is required to reimburse the Company for any loss of, or damage to, the facilities or equipment on the Customer's premises, including loss or damage caused by agents, employees or independent contractors of the Customer through any negligence.

2.1.5 Directory Errors

In the absence of gross negligence or willful misconduct and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.5 Directory Errors (Cont'd)

An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listings obtainable from the directory assistance operator shall be given as follows:

1. Free Listings: For free or no-charge published directory listings, credit shall be given at the rate of two times the monthly Tariff rate for an additional or charge listing for each individual, auxiliary or party line, PBX trunk or Centrex-type Service attendant loop affected, for the life of the directory or the charge period during which the error, mistake or omission occurs.

2. Charge Listings: For additional or charge published directory listings, credit shall be given at the monthly Tariff rate for each such listing for the life of the directory or the charge period during which the error, mistake or omission occurs.

3. Operator records: For free or charge listings obtainable from records used by the directory assistance operator, upon notification to the Company of the error, mistake or omission in such records by the subscriber, the Company shall be allowed a period of three business days to make a correction. If the correction is not made in that time, credit shall be given at the rate of 2/30ths of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected. (Where Centrex-type Service attendant loops are involved, credit shall be given at the rate of 2/30ths of the basic monthly rate for PBX trunks.)

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.1 USE OF FACILITIES AND SERVICES (Cont'd)

2.1.5 Directory Errors (Cont'd)

4. Credit limitation: The total amount of the credit provided for the preceding paragraphs 1, 2, and 3 shall not exceed, on a monthly basis, the total of the charges for each charge listing plus the basic monthly rate, as specified in paragraph 3, for the line or lines in question.

5. Definitions: As used in Paragraphs 1, 2, 3, and 4 above, the terms "error," "mistake" or "omission" shall refer to a discrepancy in the directory listing or directory assistance records which the Company has failed to correct and where the error affects the ability to locate a particular subscriber's correct telephone number. The terms shall refer to addresses only to the extent that an error, mistake or omission of an address places the subscriber on an incorrect street or in an incorrect community.

6. Notice: Such allowances or credits as specified in Paragraphs 1, 2, and 3 above, shall be given upon notice to the Company by the subscriber that such error, mistake or omission has occurred; provided, however, that when it is administratively feasible for the Company to have knowledge of such error, mistake or omission, the Company shall give credit without the requirement of notification by the subscribers.

2.1.6 Blocking of Service

The optimal blocking service prohibits the Company's facilities from being used to originate calls to other telephone company or Information Provider caller-paid information services.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.2 MINIMUM PERIOD OF SERVICE

The minimum period of service is one month except as otherwise provided in this Tariff. The Customer must pay the regular tariffed rate for the service they subscribe to for the minimum period of service. If a Customer disconnects service before the end of the minimum service period, that Customer is responsible for paying the regular rates for the remainder of the minimum service period. When the service is moved within the same building, to another building on the same premises, or to a different premises entirely, the period of service at each location is accumulated to calculate if the Customer has met the minimum period of service obligation.

If service is terminated before the end of the minimum period of service as a result of condemnation of property, damage to property requiring the premises to be abandoned, or by the death of the Customer, the Customer is not obligated to pay for service for the remainder of the minimum period.

If service is switched over to a new Customer at the same premises after the first month's service, the minimum period of service requirements are assigned to the new Customer if the new Customer agrees in writing to accept them. For facilities not taken over by the new Customer, the original Customer is responsible for the remaining payment for the minimum service period in accordance with the terms under which the service was originally furnished.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED

2.3.1 Responsibility for All Charges

Any applicant for facilities or service may be required to sign an application form requesting the Company to furnish the facilities or service in accordance with the rates, charges, rules and regulations from time to time in force and effect. The Customer is responsible for all local and toll calls originating from the Customer's premises and for all calls charged to the Customer's line where any person answering the Customer's line agrees to accept such charge.

2.3.2 Deposits

Subject to special provisions as may be set forth below and in Sections 2.10 and 2.11 of this Tariff, any applicant or Customer whose financial responsibility is not established to the satisfaction of the Company may be required to deposit a sum up to an amount equal to the total of the estimated local service and intraLATA toll charges for up to two months for the facilities and service. If the minimum period of service for the requested facilities and service is more than one month, as specified in this Tariff, the Customer may also be required to deposit a sum up to an amount equal to the total charges for service for the minimum service period less any connection charge paid by the Customer.

The fact that a deposit has been made shall in no way relieve the applicant or Customer from complying with the Tariff regulations for the prompt payment of bills on presentation. Each applicant from whom a deposit is collected will be given a certificate of deposit and circular containing the terms and conditions applicable to deposits, in accordance with the Rules and Regulations of the Commission pertaining to Customer deposits.

In accordance with applicable law, the Company will pay interest of 5% per annum for Customer deposits retained for more than six months.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED (Cont'd)

2.3.2 Deposits (Cont'd)

a. Interest on Deposits

In accordance with applicable law, the Company will pay simple interest of 5% per annum (or such other rate as required by the Commission) for Customer deposits retained for more than six months.

b. Inadequate Deposit

If the amount of a deposit is proven to be less than required to meet the requirements specified above, the Customer shall be required to pay an additional deposit upon request.

c. Return of Deposit

When a deposit is to be returned, the Customer may request that the full amount of the deposit be issued by check. If the Customer requests that the full amount be credited to amounts owed the Company, the Company will process the transaction on the billing date and apply the deposit to any amount currently owed to the Company, and return any remaining amount of the deposit to the Customer by check.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED (Cont'd)

2.3.3 Payment of Charges

Charges for facilities and service, other than usage charges, are due monthly in advance. All other charges are payable upon request of the Company. Bills are due on the due date shown on the bill and are payable at any business office of the Company, by U.S. Mail, or at any location designated by the Company. If objection is not received by the Company within three months after the bill is rendered, the items and charges appearing thereon shall be determined to be correct and binding upon the Customer. A bill will not be deemed correct and binding upon the Customer if the Company has records on the basis of which an objection may be considered, or if the Customer has in his or her possession such Company records. If objection results in a refund to the Customer, such refund will be with interest at the greater of the unadjusted Customer deposit rate or the applicable late payment rate, if any, for the service classification under which the Customer was billed. Interest will be paid from the date when the Customer overpayment was made, adjusted for any changes in the deposit rate or late payment rate, compounded monthly, until the overpayment is refunded. Notwithstanding the foregoing, no interest will be paid by the Company on Customer overpayments that are refunded within 30 days after the overpayment is received by the Company.

Where an objection to the bill involves a superseded service order, the items and charges appearing on the bill shall be deemed to be correct and binding upon the Customer if objection is not received by the Company within two months after the bill is rendered.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED (Cont'd)

2.3.4 Return Check Charge

When a check which has been presented to the Company by a Customer in payment for charges is returned by the bank, the Customer shall be responsible for the payment of a Returned Check Charge of $10.00.

2.3.5 Late Payment Charges

a. Customer bills for telephone service are due on the due date specified on the bill. A Customer is in default unless payment is made within twenty (20) days of the due date specified on the bill. If payment is not received by the Customer's next billing date, a late payment charge of 5% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.

b. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.

c. Late payment charges do not apply to final accounts.

d. Late payment charges do not apply to government agencies of the State of Arizona. These agencies are required to make payment in accordance with applicable state law.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED (Cont'd)

2.3.6 Customer Overpayments

The Company will provide interest on Customer overpayments that are not refunded within 30 days of the date the Company receives the overpayment. An overpayment is considered to have occurred when payment in excess of the correct charges for service is made because of erroneous Company billing. The Customer will be issued reimbursement for the overpayment, plus interest, or, if agreed to by the Customer, credit for the amount will be provided on the next regular Company bill. The rate of interest shall be the greater of the Customer deposit interest rate or the Company's applicable Late Payment Charge.

Interest shall be paid from the date when overpayment was made, adjusted for any changes in the deposit rate or late payment rate, and compounded monthly, until the date when the overpayment is refunded. The date when overpayment is considered to have been made will be the date on which the Customer's overpayment was originally recorded to the Customer's account by the Company.

2.4 INSTALLATION SERVICE

The Company provides a Half-Day Installation Plan, which offers Customers half-day appointments (i.e., morning/afternoon or a rolling interval) for connection of Commission regulated service involving a Customer premise visit.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.5 ACCESS TO CUSTOMER'S PREMISES

The Customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company to enter the premises of the Customer or any joint user or Customer of the Customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities.

2.6 TELEPHONE SURCHARGES/TAXES

2.6.1 General

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges and taxes may apply to the Customer's monthly billing statement. The Customer is responsible for payment of any fees (including franchise and right-of-way fees), charges, surcharges and taxes (however designated) (including without limitation sales, use, gross receipts, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of Network Services. Fees, charges, and taxes imposed by a city, county, or other political subdivision will be collected only from those Customers receiving service within the boundaries of that subdivision.

2.7 [RESERVED FOR FUTURE USE]

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE

2.8.1 Suspension or Termination for Nonpayment

In the event that any bill rendered or any deposit required is not paid, the Company may suspend service or terminate service until the bill or the required deposit has been paid. If service is suspended or terminated for nonpayment, the Customer will be billed a Connection Charge as well as any payment due and any applicable deposits upon reconnection.

a. A bill or required deposit shall be considered past due 20 days after the billing date.

b. Termination shall not be made until at least 20 days after written notification has been mailed to the billing address of the Customer.

c. Suspension will not be made until at least 8 days after written notification has been mailed to the Customer.

Telephone service shall only be suspended during the hours between 8:00 AM and 4:00 PM, Monday through Thursday. It shall not be suspended or terminated for nonpayment on weekends, public holidays, other federal and state holidays proclaimed by the President or the Governor, or on days when the main business office of the Company is not open for business, or during the periods from December 23rd through December 26th or December 30th through January 1st.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.2 Exceptions to Suspension and Termination

Telephone service shall not be suspended or terminated for:

a. Nonpayment of bills rendered for charges other than telephone service or deposits requested in connection with telephone service;

b. Nonpayment for service for which a bill has not been rendered;

c. Nonpayment of any billed charge which is in dispute or for the nonpayment of a deposit which is in dispute during the period before a determination of the dispute is made by the Company in accordance with Company's complaint handling procedures. These procedures shall be in accordance with the Commission's Rules and Regulations.

Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill or deposit if the Customer does not pay the undisputed portion after being asked to do so.

Notwithstanding the foregoing, the Commission has the authority to review billing and charges.

e. Nonpayment of back-billed amounts.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.3 Verification of Nonpayment

Telephone service shall not be suspended or terminated for nonpayment of a bill rendered or a required deposit unless:

a. The Company has verified, in a manner approved by the Commission, that payment has not been received at any office of the Company or at any office of an authorized collection agent through the end of the period indicated in the notice, and

b. The Company has checked the Customer's account on the day that suspension or termination is to occur to determine whether payment has been posted to the Customer's account as of the opening of business on that day.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment

a. General

The Company, after notice in writing to the Customer and after having given the Customer an appropriate opportunity to respond to such notice, may terminate service and sever the connection(s) from the Customer's premises under the following conditions:

1. in the event of prohibited, unlawful or improper use of the facilities or service, or any other violation by the Customer of the rules and regulations governing the facilities and service furnished, or

2. if, in the judgment of the Company, any use of the facilities or service by the Customer may adversely affect the Company's personnel, plant, property or service. The Company shall have the right to take immediate action, including termination of the service and severing of the connection, without notice to the Customer when injury or damage to telephone personnel, plant, property or service is occurring, or is likely to occur, or

3. in the event of unauthorized use, where the Customer fails to take reasonable steps to prevent the unauthorized use of the facilities or service received from the Company, or

4. in the event that service is connected for a Customer who is indebted to the Company for service or facilities previously furnished, that service may be terminated by the Company unless the Customer satisfies the indebtedness within 20 days after written notification. See Section 2.10.7 regarding Deferred Payment Agreements.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

b. Prohibited, Unlawful or Improper Use of the Facilities or Service

Prohibited, unlawful or improper use of the facilities or service includes, but is not limited to:

1. The use of facilities or service of the Company without payment of tariff charges;

2. Calling or permitting others to call another person or persons so frequently or at such times of the day or in such manner as to harass, frighten, abuse or torment such other person or persons;

3. The use of profane or obscene language;

4. The use of the service in such a manner such that it interferes with the service of other Customers or prevents them from making or receiving calls;

5. The use of a mechanical dialing device or recorded announcement equipment to seize a Customer's line, thereby interfering with the Customer's use of the service;

6. Permitting fraudulent use.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

c. Abandonment or Unauthorized Use of Facilities

1. If it is determined that facilities have been abandoned, or are being used by unauthorized persons, or that the Customer has failed to take reasonable steps to prevent unauthorized use, the Company may terminate telephone service.

2. In the event that telephone service is terminated for abandonment of facilities or unauthorized use and service is subsequently restored to the same Customer at the same location:

a. No charge shall apply for the period during which service had been terminated, and

b. Reconnection charges will apply when service is restored. However, no charge shall be made for reconnection if the service was terminated due to an error on the part of the Company.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.8 SUSPENSION OR TERMINATION OF SERVICE (Cont'd)

2.8.4 Termination For Cause Other Than Nonpayment (Cont'd)

d. Change in the Company's Ability to Secure Access

Any change in the Company's ability (a) to secure and retain suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment or (b) to secure and retain suitable space for its plant and facilities in the building where service is provided to the Customer may require termination of a Customer's service until such time as new arrangements can be made. No charges will be assessed the Customer while service is terminated, and no connection charges will apply when the service is restored.

2.8.5 Emergency Termination of Service

The Company will immediately terminate the service of any Customer, on request, when the Customer has reasonable belief that the service is being used by an unauthorized person or persons. The Company may require that the request be submitted in writing as a follow-up to a request made by telephone.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.9 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS

2.9.1 Application of Rates

a. Business rates as described in this Tariff apply to service furnished:

1. In office buildings, stores, factories and all other places of a business nature;

2. In hotels, apartment houses, clubs and boarding and rooming houses except when service is within the Customer's domestic establishment and no business listings are provided; colleges, hospitals and other institutions; and in churches except when service is provided to an individual of the clergy for personal use only and business service is already established for the church at the same location;

3. At any location when the listing or public advertising indicates a business or a profession;

4. At any location where the service includes an extension which is at a location where business rates apply unless the extension is restricted to incoming calls;

5. At any location where the Customer resells or shares exchange service;

b. Public Access Line service is classified as business service regardless of the location.

c. The use of business facilities and service is restricted to the Customer, Customers, agents and representatives of the Customer, and joint users.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.9 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS (Cont'd)

2.9.2 Telephone Number Changes

When a business Customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to the telephone numbers assigned to any Customer. The Customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.11 of this Tariff.

When service in an existing location is continued for a new Customer, the existing telephone number may be retained by the new Customer only if the former Customer consents in writing, and if all charges against the account are paid or assumed by the new Customer.

2.9.3 Deposits

Deposits will be returned to a business Customer upon cancellation of service or after one year, whichever event occurs first, unless the Customer is delinquent in payment, in which case the Company will continue to retain the deposit until the delinquency is satisfied. If a service is involuntarily discontinued, the deposit is applied against the final bill, and any balance is returned to the Customer.

2.9.4 Dishonored Checks

If a business Customer who has received a notice of discontinuance pays the bill with a check that is subsequently dishonored, the account remains unpaid and the Company is not required to issue any additional notice before disconnecting service.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS

2.10.1 Application of Rates

Residential rates as described in this Tariff apply to service furnished in private homes or apartments (including all parts of the Customer's domestic establishment) for domestic use. Residential rates also apply in college fraternity or sorority houses, convents and monasteries, and to the clergy for domestic use in residential quarters.

Residential rates do not apply to service in residential locations if the listing indicates a business or profession. Residential rates do not apply to service furnished in residential locations if there is an extension line from the residential location to a business location unless the extension line is limited to incoming calls.

The use of residential service and facilities is restricted to the Customer, members of the Customer's domestic establishment, and joint users.

2.10.2 Telephone Number Changes

When a residential Customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to any telephone number assigned to a Customer for local service. The Customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.11 of this Tariff.

When service in an existing location is continued for a new Customer, the existing number may be retained by the new Customer only if the former Customer consents in writing, and if all charges against the account are paid or assumed by the new Customer.

2 - <u>GENERAL RULES AND REGULATIONS</u> (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3 Deposits

a. General

Except as provided in (b) following, the Company may require a deposit, as described in Section 2.3.2 of this Tariff, from a residential Customer who is applying for service if the Customer: 1) has had service terminated for nonpayment once within the preceding six-month period, or 2) is delinquent in payment. A Customer is delinquent in payment if that Customer has received two consecutive telephone bills without making payment of at least one-half the total arrears due on the due date of the second bill. A Customer is not considered delinquent, however, if an amount in dispute is not paid before the dispute is resolved.

An existing Customer is an applicant for service who was a Customer of the Company within twelve months of making the request, provided that prior service was not terminated for nonpayment, unless service is requested within 10 days of such termination for nonpayment. Applicants for residential service and existing residential Customers are permitted to pay deposits in installments over a period not to exceed 6 months.

A new Customer is an applicant for service who has not been a Customer of the Company within twelve months of making the request for service. A new Customer shall not be required to post a security deposit as a condition of receiving telephone service.

A seasonal Customer is an individual who applies for and receives telephone service periodically each year, intermittently during the year or at other regular intervals scheduled at the time of application. A seasonal Customer may be required to post a deposit.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3 Deposits (Cont'd)

b. Customers Exempt from Deposits

1. A new Customer or existing Customer who is 62 years of age or older shall be exempt from any deposit requirement unless such person's telephone service was terminated for nonpayment during the preceding six months. Proof of age will be required from any person claiming exemption from deposit requirements because of age. If the proof requested by the Company is not received within 30 days from the date service is connected, or 30 days from the date that verification of age is requested from an existing Customer, the Company may suspend or terminate service unless the Customer pays the required deposit. Any new Customer or existing Customer 62 years of age or older shall be permitted to pay a deposit in installments over a period not to exceed 12 months.

2. The Company shall not require any person it knows to be a recipient of public assistance, supplemental security income or additional state payments to post a deposit.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.3 Deposits (Cont'd)

c. Recent Payment History

A Customer who has a recent payment history (within the preceding twelve months) with the Company is entitled to service without payment of a deposit unless their records indicate that they are delinquent in payment or have had service terminated for nonpayment. A Customer who still owes money to the Company for residential service on a prior account shall be offered a deferred payment plan provided that the Customer had service for three months and was not terminated for nonpayment during that period. (See Deferred Payment Agreements, 2.10.7 below.)

New deposits from a residential Customer are reviewed after the first 3 monthly bills have been rendered; if too much has been taken, the excess is returned. The entire deposit is returned to a residential Customer after 1 year, unless the Customer is delinquent in payment, in which case the Company may continue to retain the deposit until the delinquency is satisfied. If the service is discontinued, the deposit is applied against the final bill, and any balance is returned to the Customer.

In accordance with applicable law, the Company will pay simple interest of 5% per annum (or such other rate as required by the Commission) for Customer deposits retained for more than six months.

2.10.4 Installment Billing For Nonrecurring Charges

A residential Customer may elect to pay service connection and other nonrecurring charges associated with a service order in monthly installments for up to a 12-month period. When installment billing is requested, all nonrecurring charges associated with a given service order will be included in the calculation of the monthly installment.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.4 Installment Billing For Nonrecurring Charges (Cont'd)

Installment billing is subject to the following restrictions:

a. Installment billing may be used only by residential Customers;

b. Charges will be billed in the number of installments of equal dollar amounts as requested by the Customer up to a maximum of 12 installments over the course of 12 months;

c. A Customer may not pay a portion of the charges and then request installment billing for the remaining charges;

d. More than one installment plan may be in effect for the same Customer at the same time;

e. If a Customer disconnects service during the installment payment period, all unbilled charges will be included in the final bill rendered;

f. A Customer may elect to pay the unbilled charges before the expiration of the installment plan;

g. Installment billing payments will continue even when an account is temporarily suspended;

h. No interest or carrying charges will be applied to the outstanding balance during the installment period.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.5 Adjusted Payment Schedule

A Customer on a fixed income (e.g., pension and public assistance) shall be offered the opportunity to pay his or her bills on a reasonable schedule that is adjusted for periodic receipt of income.

2.10.6 Suspension or Termination for Nonpayment

a. Suspension/termination notices may not be issued until at least 25 days after the date of the bill. Bills must be mailed to the Customer no later than 6 business days after the date of the bill.

b. After issuing the written notification in accordance with the terms of this Tariff, at least one attempt shall be made during non-working hours to contact the residential Customer by telephone before the scheduled date of suspension/termination.

c. Suspension/termination may occur only between the hours of 8:00AM and 4 :00PM Monday through Thursday, provided that such day or the following day is not a public holiday or a day on which the main office is closed. In addition, service may not be disconnected during the periods of December 23 through the 26 and December 30 through January 2.

d. Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill or deposit if the Customer does not pay the undisputed portion after being asked to do so. Suspended or terminated residential service shall be reconnected within 24 hours following payment or within 24 hours of the end of circumstances beyond the Company's control which delay the reconnection. The Commission may direct that service be reconnected in less than 24 hours.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.7 Deferred Payment Agreements

Service will not be suspended or terminated unless the Customer has been advised that a deferred payment plan can be arranged. An existing residential Customer with three or more months service and for whom service has not been terminated for nonpayment is eligible for Deferred Payment Arrangements (DPA). Final notice of suspension/termination will advise the Customer of deferred payment arrangements and will include, in bold print, a notice that assistance in reaching an agreement may be obtained from the Commission. The DPA notice will be mailed no less than six days before termination of total service.

A Deferred Payment Agreement will be for a period agreed to by both the Customer and the Company.

If the Company believes that the Customer has the resources to pay the bill, it shall notify both the Customer and the Commission in writing of the reasons for its belief. The Commission shall make the final determination as to whether a DPA should be provided. A Customer with medical emergencies and a Customer who is elderly, blind or disabled shall be exempt from such eligibility criteria.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.8 Dishonored Checks

When a check received from a residential Customer is dishonored, the company shall make two attempts, one outside of normal business hours, to contact the Customer within 24 hours. The Customer shall be given an additional 24 hours to pay before suspension/termination. The additional notice will be given provided that the Customer has not submitted a dishonored check within the past 12 months.

2.10.9 Suspension or Termination - Abandonment

Suspension/termination of residential service for abandonment or unauthorized use may occur only after the Company makes a reasonable attempt to determine occupancy or authorized use, or the Customer takes reasonable steps to prevent unauthorized use. A notice must be sent to the Customer five days before such suspension or termination. The notification requirement is waived when previous mailings are returned by the Post Office or the company is advised that a new Customer has moved into the location.

2.10.10 Suspension or Termination - Medical Emergencies

In the event of a medical emergency, an additional 30 days will be allowed for a residential Customer before suspension or termination. A medical certificate must be supplied. The medical emergency status may be extended beyond 30 days upon submission of specified documentation. During the emergency, the Customer will be able to defer payment of monthly charges up to an amount specified by the Commission until the emergency ceases or it is determined that the Customer has the ability to pay the charges. Charges in any month in excess of the amount specified are due by the due date of the bill.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.11 Suspension or Termination - Elderly, Blind or Disabled

An additional 20 days will be allowed before suspension or termination may occur when:

a. the Customer is known to or identified to the Company as being blind or disabled;

b. the Customer is 62 years of age or older, and all other residents of the Customer's household are: under 18 years of age, over 62 years of age, blind or disabled.

In cases where service has been suspended or terminated and the Company subsequently learns that the Customer is entitled to the protection established herein, the Company shall within 24 hours of such notification restore service for an additional 20 days and make a diligent effort to contact in person an adult resident at the Customer's premises for the purpose of devising a payment plan.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (Cont'd)

2.10.12 Backbilling for Residential Customers

The Company shall not charge a residential Customer for previously unbilled service or adjust upward a bill previously rendered when the period for the unbilled service or billing adjustment is more than twenty-four months prior to the mailing of the bill or the upward adjustment unless the conduct of the Customer caused or contributed to the failure of the Company to render timely accurate billing. Unless the Customer causes the late billing, the Company shall explain the reason for the late billing and shall advise the Customer that suspension/termination of service is not permitted for charges billed in excess of six months after the service was provided. The Customer will be given the opportunity to pay the charges under an installment plan on a schedule equal in time to the length of the backbilling period.

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE

Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this Tariff by the Customer, or the operation or malfunction of the facilities, power, or equipment provided by the Customer, will be credited to the Customer as set forth below for the part of the service that the interruption affects. A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions

a. An interruption period begins when the Customer reports a service, facility, or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility, or circuit is operative. If the Customer reports a service, facility, or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

b. For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

c. A credit allowance will be given, upon request of the Customer to the business office, for interruptions of 30 minutes or more. Credit allowances will be calculated as follows:

i. If interruption continues for less than 24 hours:

a. 1/30th of the monthly rate if it is the first interruption in the same billing period.

b. 2/30ths of the monthly rate if there was a previous interruption of at least 24 hours in the same billing period.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions (Cont'd)

ii. if interruption continues for more than 24 hours:

a) if caused by storm, fire, flood or other condition out of Company's control, 1/30th of the monthly rate for each 24 hours of interruption.

b) for other interruption, 1/30ths of the monthly rate for the first 24 hours and 2/30ths of such rate for each additional 24 hours (or fraction thereof); however, if service is interrupted for over 24 hours, more than once in the same billing period, the 2/30ths allowance applies to the first 24 hours of the second and subsequent interruptions.

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one interruption.

d. Credit to Customer

Credits attributable to any billing period for interruptions of service shall not exceed the total charges for that period for the service and facilities furnished by the Company rendered useless or substantially impaired.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.1 Credit for Interruptions (Cont'd)

e. "Interruption" Defined

For the purpose of applying this provision, the word "interruption" shall mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages. Nor shall the interruption allowance apply where service is interrupted by the negligence or willful act of the subscriber or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due to the company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the subscriber is responsible for providing electric power. Allowance for interruptions of measured rate service will not affect the subscriber's local call allowance during a given billing period.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.11 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (Cont'd)

2.11.2 Limitations on Credit Allowances

No credit allowance will be made for:

a. interruptions due to the negligence of, or non-compliance with the provisions of this Tariff, by any party other than the Company, including but not limited to the Customer, authorized user, or other common carriers connected to, or providing service connected to, the service of the Company or to the Company's facilities;

b. interruptions due to the failure or malfunction of non-Company equipment, including service connected to Customer provided electric power;

c. interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;

d. interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;

e. interruptions of service due to circumstances or causes beyond the control of the Company.

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2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.12 AUTOMATIC NUMBER IDENTIFICATION

2.12.1 Regulations

The Company will provide Automatic Number Identification (ANI) associated with an intrastate service, by tariff, to any entity (ANI recipient), only under the following terms and conditions:

a. The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone Customer's original call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.

b. The ANI recipient may offer to any telephone subscriber with whom the ANI recipient has an established Customer relationship, a product or service that is directly related to products or service previously purchased by the telephone subscriber from the ANI recipient.

c. The ANI recipient or its designated billing agent is prohibited from utilizing ANI information to establish marketing lists or to conduct outgoing marketing calls, except as permitted by the preceding paragraph, unless the ANI recipient obtains the prior written consent of the telephone subscriber permitting the use of ANI information for such purposes. The foregoing provisions notwithstanding, no ANI recipient or its designated billing agent may utilize ANI information if prohibited elsewhere by law.

2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.12 AUTOMATIC NUMBER IDENTIFICATION (Cont'd)

2.12.1 Regulations (Cont'd)

d. The ANI recipient or its designated billing agent is prohibited from reselling, or otherwise disclosing ANI information to any other third party for any use other than those listed in Provision 1, unless the ANI recipient obtains the prior written consent of the subscriber permitting such resale or disclosure.

e. Violation of any of the foregoing terms and conditions by any ANI recipient other than a Telephone Corporation shall result, after a determination through the Commission's complaint process, in suspension of the transmission of ANI by the Telephone Corporation until such time as the Commission receives written confirmation from the ANI recipient that the violations have ceased or have been corrected. If the Commission determines that there have been three or more separate violations in a 24 month period, delivery of ANI to the offending party shall be terminated under terms and conditions determined by the Commission.

2.12.2 Terms and Conditions

Violation of any of the foregoing terms and conditions by a Telephone Corporation may result in Commission prosecution of penalty and enforcement proceedings.

CONNECTION CHARGES

3 - CONNECTION CHARGES

3.1 CONNECTION CHARGE

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the following: (a) the installation of a new service; (b) the transfer of an existing service to a different location; (c) a change from one class of service to another at the same or a different location; or (d) restoral of service after suspension or termination for nonpayment. Connection Charges are listed with each service to which they apply.

The connection Charge is comprised of two charges:

a. Service Order
b. Premises Visit

Both charges may not be applicable in all cases.

The general application of these charges is as follows:

a. A Service Order charge applies per customer order for all work or service ordered to be provided at one time, on the same premises, for the same Customer. The charge recovers the cost of receiving, recording, and processing a Customer's request for service.

b. A Premises Visit charge applies per customer order when the company must dispatch an employee to complete a customer-requested installation or service charge. Only one charge applies per customer order.

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3 - CONNECTION CHARGES (Cont'd)

3.1 CONNECTION CHARGE (Cont'd)

3.1.2 Exceptions to the Charge

a. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the Customer's exchange.

b. No charge applies for one change in the class of residence service, provided that the change is ordered within 90 days of the initial connection of the Customer's exchange service.

c. The Company may from time to time waive or reduce the charge as part of a promotion. See Section 5.4.

3.2 RESTORAL CHARGE

A restoral charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of the service. See Section 13.2 of this Tariff.

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3 - CONNECTION CHARGES (Cont'd)

3.3 MOVES, ADDS AND CHANGES

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will apply as if the work had been done by the Company.

The Customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

Move: The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

Add: The addition of a vertical service to existing equipment and/or service at one location.

Change: Change - including rearrangement or reclassification - of existing service at the same location.

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3 - CONNECTION CHARGES (Cont'd)

3.4 RECORD ORDER CHARGE

A Record Order Charge applies for work performed by the Company in connection with receiving, recording, and processing Customer requests for the following.

a. addition of directory listings

b. change in listed name

c. change of address

d. change of billing party

e. change in listed service to non-published service, not involving a change of telephone number.

A Record Order Charge does not apply when a Service Order charge also applies.

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT

3.5.1 Terms and Conditions

The Customer may request an estimate or a firm bid before ordering wire installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at the Customer's request, the charge to be billed is the amount quoted to the Customer for the work requested.

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3 - CONNECTION CHARGES (Cont'd)

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT (Cont'd)

3.5.1 Terms and Conditions (Cont'd)

Inside Wire charges apply per service call when billable premises work is performed on noncomplex premises wire and jacks. Residence and Business charges may differ. Such charges are due and payable when billed.

Noncomplex wire, jacks and materials include:

- 2 to 6 pair inside wire
- Faceplates
- RJ11C, RJ14C, RJ11W and RJ14W type station jacks
- Staples, screws, nail, tape, connectors, etc.

3 - CONNECTION CHARGES (Cont'd)

3.5 CHARGES ASSOCIATED WITH PREMISES VISIT (Cont'd)

3.5.2 Inside Wire Maintenance and Installation

The Customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

a. Inside Wire Installation Charge

Charge to be billed will be based on the actual time and materials charges incurred when a Customer requests new wire and jack installation or requests existing wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

b. Inside Wire Maintenance Charge

The Inside Wire Maintenance Charge applies when a Customer requests wire and jack maintenance. Charge to be billed will be based on the actual time and materials charges incurred when a Customer requests maintenance of wiring.

3.6 PRIMARY INTEREXCHANGE CARRIER (PIC) CHANGE CHARGE

The Customer will incur a charge each time there is a change in the long distance carrier associated with the Customer's line after the initial installation of service.

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PAY TELEPHONE SERVICE

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4 - PAY TELEPHONE SERVICE

4.1 GENERAL

4.1.1 Pay Telephone Line exchange service is one-party exchange service for use by pay telephone providers, location owners and interexchange carriers and is furnished solely for connection with coin, coinless, or combination coin/coinless pay telephone equipment to the Telephone Company's network.

4.1.2 Pay Telephone Line Service:

a. Is available in all exchanges of the Company; foreign exchange service is not available to these lines.

b. Provides for one listing in the white pages and one listing in the yellow pages of the Telephone Company directory for each Pay Telephone Line furnished. However, Non-published Number Service or Non-Listed Number Service at no charge are also available to Pay Telephone Line Customers.

c. Only one coin-operated or coinless public access telephone unit may be connected to each Pay Telephone Line.

d. Will be provided on a dial-tone-first basis to enable end users to dial certain calls without requiring coin deposits, i.e., all emergency calls, telecommunications relay service calls, and non-sent paid calls.

e. Service will be provided on a two-way basis, except lines for which a specific exemption has been granted by the Arizona Corporation Commission.

f. The pay telephone provider is responsible for meeting all federal, state and local statutes with respect to provision of pay telephones in accordance with all hearing impaired and handicapped person requirements.

4 - PAY TELEPHONE SERVICE (Cont'd)

4.1 GENERAL (Cont'd)

4.1.2 Pay Telephone Line Service: (Cont'd)

g. Temporary suspension of service (vacation service) is not available for Pay Telephone Line Service.

h. Pay telephones connected to a Pay Telephone Line must be registered in compliance with Part 68 of the FCC's Rules and Regulations.

i. Each pay telephone connected to a Pay Telephone Line must be capable of providing user call completion to 911 Universal Emergency Service, if available. If 911 service is not available, the pay telephone must permit access to the operator.

j. Failure of the Customer to comply with the provisions of this Tariff may result in the suspension or disconnection of the subscriber's service.

4.2 REGULATIONS

4.2.1 Pay Telephone Line Service is provided at the corresponding exchange's one-party business line rate as contained in the Telephone Company's Tariff-Telephone on file with the Commission.

4.2.2 Where measured service is available in a given exchange, the business measured service rates apply to Pay Telephone Line Service.

4.2.3 Line Connection charges listed in Section 13 of this Tariff apply to Pay Telephone Line Service.

4.2.4 The business touch tone rate listed in Section 13 of this Tariff applies to Pay Telephone Line Service, if requested by the Customer.

4.2.5 Directory assistance charges of $0.50 per call apply to Pay Telephone Access Lines.

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4 - PAY TELEPHONE SERVICE (Cont'd)

4.2 REGULATIONS (Cont'd)

4.2.6 Pay Telephone Line Service Customers will not be charged for non-published or non-listed telephone numbers. However, a non-recurring charge applies for each change of telephone number required to establish a non-published or non-listed number.

4.2.7 All subscribers to Pay Telephone Service shall have the right to select their presubscribed intraLATA toll provider at such time that intraLATA presubscription is available in the Company's service territory.

4.3 AVAILABLE FEATURES FOR PAY TELEPHONE SERVICE

4.3.1 Optional call screening/blocking/coin supervision functions, as listed below, are provided at the monthly rates stated. The non-recurring charges shown below do not apply to initial installations, but do apply to subsequent requests made by the Customer.

a. Inbound Call Operator Screening – Automatically screens and blocks incoming third-number billed or collect calls or both, so that callers cannot charge these calls to the Customer's line.

b. Outbound Call Operator Screening – Helps prevent unauthorized charges on outgoing calls, just as Inbound Call Operator Screening does for incoming calls.

c. 900/976 Block – Prevents call to fee for information services.

d. International Call Block restricts direct-dialed 011+ and 101XXXX+011+International calls but allows operator assisted International calls, which are dialed using 01+ and 101XXXX+01.

e. Answer Supervision – Billing immediately begins when the called party answers the phone, thus assuring the price of calls will be accurate.

f. 1+ Block – Restricts direct-dialed 1+ domestic or 011+ International call, but allows local calls, toll-free calls (1+800) and alternate billed long distance calls.

4 - PAY TELEPHONE SERVICE (Cont'd)

4.3 AVAILABLE FEATURES FOR PAY TELEPHONE SERVICE (Cont'd)

g. Block on Caller ID – Blocks outbound caller identifier digits.

h. Block on Phone Smart Features – Prevents the automatic connection of directory assistance calls that will be charged to Customer line.

i. PIC Freeze – Eliminates the possibility of unauthorized changes to the payphone provider's primary intra/interlata carrier (PIC). No intra/interlata carrier can manually or electronically change a restricted PIC. This feature is automatically included.

j. NXX Blocking – Certain NXX's may be blocked at the Customer's request.

k. Coin Supervision Additive - provides for the collection, return, recognition, announcements and pre-prompting for overtime; monitors signals from the pay telephone equipment to identify when and what denomination of coins are deposited; identifies the status of attempted calls and sends a signal to the pay telephone equipment to collect the appropriate coins when calls are completed, or return coins when calls are not completed.

4.4 PAY TELEPHONE SURCHARGE

Pursuant to FCC regulations, Company compensates payphone owners where calls originate at a payphone. A surcharge is applicable to calls that originate from any domestic payphone used to access the Company's services. This surcharge will either be applied directly to the Customer's bill or will be deducted from the Customer's debit card in rounded-up minute increments. This charge is applied in addition to standard tariffed usage charges and any applicable surcharges associates with the Company's services, and is not eligible to receive discounts or contribute to minimum usage requirements.

The pay telephone surcharge is listed in the Rate Schedule specified in Section 13 of this Tariff.

SUPPLEMENTAL SERVICES

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5 - SUPPLEMENTAL SERVICES

5.1 CUSTOM CALLING SERVICE

5.1.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

5.1.2 Description of Features

a. Three Way Conference, Consultation, Transfer

The Three Way Calling feature allows a Customer to add a third party to an existing two-way call and form a three-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a Customer to put any in-progress call on hold by flashing the switchhook and dialing a code. This frees the line to allow the Customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

b. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another Customer-specific line. The Customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding.

The calling party is billed for the call to the called number. If the forwarded leg of the call is chargeable, the Customer with the Call Forwarding is billed for the forwarded leg of the call.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.1 CUSTOM CALLING SERVICE (Cont'd)

5.1.2 Description of Features (Cont'd)

b. Call Forwarding (Cont'd)

Call Forwarding - Busy automatically reroutes an incoming call to a Customer predesignated number when the called number is busy.

Call Forwarding - Don't Answer automatically reroutes an incoming call to a Customer predesignated number when the called number does not answer within the number of rings programmed by the Company.

Call Forwarding - Variable allows the Customer to choose to reroute incoming calls to another specified telephone number. The Customer must activate and deactivate this feature.

c. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a Customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the Customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) Customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the Customer disconnects from the call.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.1 CUSTOM CALLING SERVICE (Cont'd)

5.1.2 Description of Features (Cont'd)

d. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The user is provided with up to two additional telephone numbers.

e. Multiline Hunting

This feature is a line hunting arrangement that provides sequential search of available numbers within a multiline group. Circular and uniform hunting can also be selected.

Hunt group charges apply to sequential, circular and uniform hunting and queuing with announcement per queue slot.

f. Speed Calling

This feature allows a user to dial selected numbers using one or two digits. Up to eight numbers (single digit, or thirty numbers with two digits) can be selected.

5.1.3 Rates and Charges

a. Monthly Rates

Rates for this service are located in Section 13.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.1 CUSTOM CALLING SERVICE (Cont'd)

5.1.3. Rates and Charges (Cont'd)

b. Connection Charges (Nonrecurring Charges)

Connection charges may apply when a Customer requests connection to one or more custom calling features. Orders requested for the same Customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same Customer account at the same premises.

See Rate Schedule in Section 13 of this Tariff.

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new custom calling feature(s) to prospective Customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.2 LASS SERVICES

5.2.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all LASS services. Transmission levels may not be sufficient in all cases.

5.2.2 Description of Features

a. Call ID / Block Call ID

The Call ID feature allows a Customer to see a caller's name and number previewed on a display screen before the call is answered allowing a Customer to prioritize and or screen incoming calls. Call ID records the name, number, date and time of each incoming call -- including calls that aren't answered by the Customer. Call ID service requires the use of specialized CPE not provided by the company. It is the responsibility of the Customer to provide the necessary CPE.

b. Automatic Callback

The Automatic Callback feature allows a Customer to automatically Callback the last number dialed. This is accomplished by the Customer activating a code. The network periodically tests the busy/free status of the called line for up to 30 minutes until both lines are found free and then Callbacks the call for the Customer.

The Automatic Callback feature also allows Customers, having reached a busy number, to dial a code before hanging up. Automatic Callback feature then continues to try the busy number for up to 30 minutes until it becomes free. Once the busy line is free the call is automatically called back and the Customer is notified of the connected call via a distinctive ring.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.2 LASS SERVICES (Cont'd)

5.2.2 Description of Features (Cont'd)

b. Automatic Callback (Cont'd)

The following types of calls cannot be Automatically Called back:

- Calls to toll-free 800 Service numbers
- Calls to 900 Service numbers
- Calls preceded by an interexchange carrier access code
- International Direct Distance Dialed calls
- Calls to Directory Assistance
- Calls to 911

c. Automatic Recall

The Automatic Recall stores the number of the most recent incoming call (including unanswered incoming calls) to a Customer's number. This allows a Customer to dial back any missed or unanswered telephone calls.

d. Call Trace

Call Trace allows Customers to key in a code that alerts the network to trace the last call received. The traced telephone number is automatically sent to the Company for storage for a limited amount of time and is retrievable by legally constituted authorities upon proper request by them. By contacting the company the Customer can use this application to combat nuisance calls.

e. Selective Call Acceptance, Forwarding, Rejection

Selective Calling affords the Customer the ability to specify which of several phones on a line is to receive a message.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.2 LASS SERVICES (Cont'd)

5.2.3 Rates and Charges

a. Monthly Rates

Rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges (Nonrecurring Charges)

Connection charges may apply when a Customer requests connection to one or more features. Orders requested for the same Customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same Customer account at the same premises.

See Rate Schedule in Section 13 of this Tariff.

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new LASS feature(s) to prospective Customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES

5.3.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

5.3.2 Description of Features

a. Three Way Conference, Consultation, Transfer

The Three Way Calling feature allows a Customer to add a third party to an existing two-way call and form a three-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a Customer to put any in-progress call on hold by flashing the switchhook and dialing a code. This frees the line to allow the Customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

b. Call Pickup

This feature allows a user to answer any call within an associated preset pickup group. If more than one line in the pickup group has an unanswered incoming call, the call to be answered is selected by the switching system. Call Pickup answers a call that has been directed to another station within the same preset Call Pickup group.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.2 Description of Features (Cont'd)

c. Call Transfer - All Calls

Call Transfer allows a station user to transfer an established call to another station. The station from which the call is transferred will be assessed any long distance charges incurred as a result of the transfer.

d. Directed Call Pickup with Barge-In

This feature answers calls directed to a specific line from any other telephone line in the user group.

e. Directed Call Pickup without Barge-In

This feature is identical to the Directed Call Pickup with Barge-In except, if the line being picked up has already been answered, the party dialing the pickup code is routed to reorder (i.e., fast busy) rather than permitted to barge in on the established connection and create a three-way call.

f. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The pattern is based on whether the call is from within the station group, external to the station group, forwarded from the attendant position, or from a station within the Call Waiting feature.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.2 Description of Features (Cont'd)

g. Distinctive Ringing / Call Waiting Tone (Centrex-type Service only)

This feature applies a distinctive ringing or call waiting tone that enables a user to determine the source of an incoming call. The pattern is based on whether the call is from within the station group, external to the station group, forwarded or extended from the attendant position, or from a station within the Call Waiting feature.

h. Regular Multiline Hunting

This feature is a line hunting arrangement that provides sequential search of available numbers within a multiline group.

i. Circular Hunting

This feature (similar to regular hunting) is a line hunting arrangement that allows all lines in a multi-line hunt group (MLHG) to be tested for busy, regardless of the point of entry into the group. When a call is to a line in a MLHG, a regular hunt is performed starting at the station associated with the dialed number. It continues to the last station in the MLHG, then proceeds to the first station in the group and continues to hunt sequentially through the remaining lines in the group. Busy tone is returned if the original called station is reached without finding a station that is idle.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.2 Description of Features (Cont'd)

j. Speed Calling (Centrex-type Service only)

This feature allows a user to dial selected numbers using one and two digits. Up to eight telephone numbers may be selected.

k. Terminal Group and Station Restriction (Centrex-type Service only)

This feature defines a station's network access capability, either individually within a Centrex-type Service group, or for the group as a whole. It defines the Centrex-type Service group and what level of access a station will have; i.e. intragroup only, toll restriction, etc.

l. Series Completion

This feature is a form of hunting similar to the multiline hunt group hunting and the Call Forwarding Busy Line feature. It allows calls to be made to a busy directory number to be routed to another specified directory number. The series completion hunt begins with the originally dialed member of the series completion group, and searches for an idle directory number from the list of directory numbers.

m. Uniform Call Distribution (Uniform Hunting) (Centrex-type Service only)

This feature is a hunting arrangement that assigns incoming calls uniformly among the stations in the group.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.2 Description of Features (Cont'd)

n. Account Codes

This feature adds an account number (code) to an Automatic Message Accounting (AMA) and/or Message Detail Recording (MDR) record for assigning Customer charges. The number of digits in a Customer's account code group will be defined by the Company.

o. Terminal Group and Station Restriction

This feature defines a station's network access capability either individually within a Centrex-type Service group or for the group as a whole. It defines the Centrex-type Service group and what level of access a station will have; i.e., intragroup only, toll restriction, etc.

p. Uniform Call Distribution (Uniform Hunting)

This feature is a hunting arrangement that assigns incoming calls uniformly among the stations in the group.

q. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another Customer-specific line. The Customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.2 Description of Features (Cont'd)

q. Call Forwarding (Cont'd)

The calling party is billed for the call to the called number. If the forwarded leg of the call is chargeable, the Customer with the Call Forwarding is billed for the forwarded leg of the call.

Call Forwarding - Busy automatically reroutes an incoming call to a customer predesignated number when the called number is busy.

Call Forwarding - Don't Answer automatically reroutes an incoming call to a Customer predesignated number when the called number does not answer within the number of rings programmed by the Company.

Call Forwarding - Variable allows the Customer to choose to reroute incoming calls to another specified telephone number. The Customer must activate and deactivate this feature.

r. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a Customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the Customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) Customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the Customer disconnects from the call.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.3 CENTREX-TYPE SERVICE FEATURES (Cont'd)

5.3.3 Rates and Charges

a. Monthly Rates

Rates for this service are located in Section 13, Residential Network Switched Service, and Section 13, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a Customer requests connection to one or more features. Orders requested for the same Customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same Customer account at the same premises.

See Rate Schedule in Section 13 of this Tariff.

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new Centrex-type Service feature(s) to prospective Customers within 90 days of the establishment of the new feature. See Section 5.4, Service and Promotional Trials.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS

5.4.1 General

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce a present or potential Customer to a service not previously subscribed to by the Customer.

5.4.2 Regulations

a. Appropriate notification of the Trial will be made to all eligible Customers and to the Commission. Appropriate notification may include direct mail, bill inserts, broadcast or print media, direct contact or other comparable means of notification.

b. During a Service Trial, the service(s) is provided automatically to all eligible Customers, except those Customers who choose not to participate. Customers will be offered the opportunity to decline the trial service both in advance and during the trial. A Customer can request that the designated service be removed at any time during the trial and not be billed a recurring charge for the period that the feature was in place. At the end of the trial, Customers that do not contact the Company to indicate they wish to retain the service will be disconnected from the service at no charge.

c. During a Promotional Trial, the service is provided to all eligible Customers who ask to participate. Customers will be notified in advance of the opportunity to receive the service in the trial for free. A Customer can request that the service be removed at any time during the trial and not be billed a recurring charge for the period that the service was in place. At the end of the trial, Customers that do not contact the Company will be disconnected from the service.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS (Cont'd)

5.4.2 Regulations (Cont'd)

d. Customers can subscribe to any service listed as part of a Promotional Trial and not be billed the normal Connection Charge. The offering of this trial period option is limited in that a service may be tried only once per Customer, per premises.

e. The Company retains the right to limit the size and scope of a Promotional Trial.

5.5 BUSY VERIFICATION AND INTERRUPT SERVICE

5.5.1 General

Upon request of a calling party, the Company will verify a busy condition on a called line. An operator will determine if the line is clear or in use and report to the calling party. In addition, the operator will intercept an existing call on the called line if the calling party indicates an emergency and requests interruption.

5.5.2 Rate Application

a. A Verification Charge will apply when:

1. The operator verifies that the line is busy with a call in progress,

or

2. The operator verifies that the line is available for incoming calls.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.5 BUSY LINE VERIFICATION AND INTERRUPT SERVICE (Cont'd)

5.5.2 Rate Application (Cont'd)

b. Both a Verification Charge and an Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the Customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.

See Rate Schedule in Section 13 of this Tariff.

c. No charge will apply when the calling party advises that the call is from an official public emergency agency.

5.6 TRAP CIRCUIT SERVICE

5.6.1 General

Trap Circuit Service is designed to allow the Customer to control the release of an incoming call so that in situations involving emergency or nuisance calls, calls may be held and traced.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.6 TRAP CIRCUIT SERVICE (Cont'd)

5.6.2 Regulations

a. This service is provided when there is a continuing requirement for the identification of the calling party in cases involving nuisance calls or emergency situations or other situations involving law enforcement or public safety.

b. The Customer shall be required to sign a written request for this service. By signing the request the Customer shall release the Company from any liability, and the Customer agrees to indemnify and hold the Company harmless from any liability it may incur in providing this service. The Company may require the recommendation of an appropriate law enforcement agency prior to providing this service. Any information obtained by the Company in the tracing of a call will be provided only to the law enforcement agency designated. The only exception to this will be emergency situations such as fire, serious illness or other similar situations, in which case the appropriate agency will be notified.

c. The equipment required to provide this service cannot be operated in all central offices. The service is restricted to locations where facilities permit.

d. The Company makes no guarantee concerning the tracing and identification of any call when the service is provided. The Company will furnish the service only on the express condition that no liability shall attach to it for any reason arising out of the provision of the service.

5.6.3 Rates

Upon request for this service, the monthly charge to the Customer will be increased by any charges incurred by the Company for the provision of this service.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.7 DIRECTORY ASSISTANCE SERVICE

5.7.1 General

A Customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A Customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

5.7.2 Regulations

A Directory Assistance Charge applies for each telephone number, area code, and/or general information requested from the Directory Assistance operator except as follows:

a. Calls from pay telephones.

b. Requests for telephone numbers of non-published service.

c. Requests in which the Directory Assistance operator provides an incorrect number. The Customer must inform the Company of the error in order to receive credit.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.7 DIRECTORY ASSISTANCE SERVICE (Cont'd)

5.7.2 Regulations (Cont'd)

d. Requests from individuals with certified visual or physical handicaps in which the handicap prevents the use of a local directory. Individuals must be certified in accordance with the terms outlined under "Handicapped Person" in Section 9 of this Tariff, up to a maximum of 50 requests per month.

e. Requests from patients in hospitals, skilled nursing homes and convalescent homes which have been properly licensed by the State of Arizona and which have as their predominant undertaking the surgical, medical and nursing care of the sick and disabled. Such hospitals, skilled nursing homes and convalescent homes shall provide to Company proof of non-profit status as granted by the IRS.

5.7.3 Rates

Unless one of the exceptions listed above applies, the charges as shown below apply for each request made to the Directory Assistance operator:

See Rate Schedule in Section 13 of this Tariff.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.8 LOCAL OPERATOR SERVICE

Local calls may be completed or billed with the live or mechanical assistance by the Company's operator center. Calls may be billed collect to the called party, to an authorized 3rd party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station to station basis or to a specified party (see Person to Person), or designated alternate. Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service.

See Rate Schedule in Section 13 of this Tariff.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.9 STAND ALONE VOICE MAIL SERVICE

5.9.1 Description

Stand Alone Voice Mail Service is offered to a Customer when a physical Service Line is not necessary. The Customer must access Voice Mail through the use of other network access service provided by the Company or other telecommunications common carriers. Such access, including applicable local usage and toll charges, is the responsibility of the Voice Mail Service Customer. Voice mail that is offered in conjunction with line-based service is offered pursuant to the terms specified in the applicable section of this Tariff pertaining to the associated line-based service.

5.9.2 Recurring and Nonrecurring Charges

See Rate Schedule in Section 13 of this Tariff.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.10 BLOCKING SERVICE

5.10.1 General

Blocking service is a feature that permits Customers to restrict access from their telephone line to various discretionary services. The following blocking options are available to residential and business Customers:

a. 900, 700 Blocking - allows the Customer to block all calls beginning with the 900 and 700 prefixes (i.e. 900-XXX-XXXX) from being placed.

b. 900, 971, 974 & 700 Blocking - allows the Customer to block all calls beginning with the 900, 971, 974 and 700 prefixes from being placed.

c. Third Number Billed and Collect Call Restriction - provides the Customer with a method of denying all third number billed and collect calls to a specific telephone number provided the transmitting operator checks their validation data base.

d. Toll Restriction (1+ and 0+ Blocking) - provides the Customer with local dialing capabilities but blocks any customer-dialed call that has a long distance charge associated with it.

   Toll Restriction will not block the following types of calls: 911 (Emergency), 1 + 800 (Toll Free), and operator assisted toll calls.

e. Toll Restriction Plus - provides Customer with Toll Restriction, as described in 1.d. of this Section, and Blocking of 411 calls.

f. Direct Inward Dialing Blocking (Third Party and Collect Call) - provides business customers who subscribe to DID service to have Third Party and Collect Call Blocking on the number ranges provided by the Company.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.10 BLOCKING SERVICE (Cont'd)

5.10.2 Regulations

a. The Company will not be liable for any charge incurred when any long distance carrier or alternative operator service provider accepts third number billed or collect calls.

b. Blocking Service is available where equipment and facilities permit.

5.10.3 Rates and Charges

See Rate Schedule in Section 13 of this Tariff.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.11 CUSTOMIZED NUMBER SERVICE

5.11.1 General

a. Customized Number Service allows a Customer to order a specified telephone number rather than the next available number.

b. Customized Number Service is furnished subject to the availability of facilities and requested telephone numbers.

c. The Company will not be responsible for the manner in which Customized Numbers are used for marketing purposes by the Customer.

d. When a new Customer assumes an existing service which includes Customized Number Service, the new Customer may keep the Customized Number, at the tariffed rate, with the written consent of the Company and the former Customer.

e. The Company reserves and retains the right:

1. To reject any request for specialized telephone numbers and to refuse requests for specialized telephone numbers;

2. Of custody and administration of all telephone numbers, and to prohibit the assignment of the use of a telephone number by or from any Customer to another, except as otherwise provided in this Tariff;

3. To assign or withdraw and reassign telephone numbers in any exchange area as it deems necessary or appropriate in the conduct of its business.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.11 CUSTOMIZED NUMBER SERVICE (Cont'd)

5.11.1 General (Cont'd)

e. The Company reserves and retains the right: (Cont'd)

4. The limitation of liability provisions of this Tariff in Section 2.1.2 are applicable to Customized Number Service.

5.11.2 Conditions

a. Charges for Customized Number Service apply when a Customer:

1. Requests a telephone number other than the next available number from the assignment control list, and such requested number is placed into service within six months of the date of the request.

2. Requests a number change from the Customer's present number to a Customized Number.

b. The Company shall not be liable to any Customer for direct, indirect or consequential damages caused by a failure of service, change of number, or assignment of a requested number to another Customer whether prior to or after the establishment of service. In no case shall the Company be liable to any person, firm or corporation for an amount greater than such person, firm or corporation has actually paid to the Company for Customized Number Service.

See Rate Schedule in Section 13 of this Tariff.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.12 CUSTOMER REQUESTED SERVICE SUSPENSION

5.12.1 General

At the request of the Customer, the Company will suspend incoming and outgoing service on the Customer's access line for a period of time not to exceed one year. The equipment is left in place and directory listings are continued during the suspension period without change. At the Customer's request, the Company will provide the Customer with an intercept recording referring callers to another number.

5.12.2 Rate Adjustment

The Company will assess a lower monthly rate for Customer Requested Service Suspension as noted below. However, any mileage charges, monthly cable charges or monthly construction charges are still due, without reduction during the period of suspension.

Period of Suspension	Charge
- First Month or Partial Month	- Regular Monthly Rate (no reduction)
- Each Additional Month (up to the one-year limit)	- ½ Regular Monthly Rate

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.13 REMOTE CALL FORWARDING SERVICE

Service Area: Where facilities are available, the service area is defined by the NPA-NXX Codes and Exchanges listed below.

Local Calling Area: Exchanges and zones included in the local calling area for the NXX designations are specified below. NXXs associated with each particular exchange or zone may be found in the directory listings directory published by the incumbent local exchange carrier in the Customer's exchange area.

5.13.1 General

Remote Call Forwarding (RCF) is a local exchange service that utilizes a telephone number and Electronic Central Office facilities by which all incoming calls to the RCF telephone number are forwarded automatically to the Customer's central office line in the same exchange as the RCF number or in a different exchange or to an inward WATS (800 Toll-free Service) access line.

5.13.2 Regulations

a. Remote Call Forwarding service is offered in Electronic offices where facilities permit.

b. RCF paths may be used singly, in groups, or as overflow paths for foreign exchange trunk groups. Only one forwarding number is permitted per group.

c. Remote Call Forwarding is not offered where the terminating number is a coin telephone.

d. Identification of the originating telephone number is not provided to the Remote Call Forwarding Customer.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.13 REMOTE CALL FORWARDING SERVICE (Cont'd)

5.13.2 Regulations (Cont'd)

e. Transmission may not be satisfactory on all calls.

f. Remote Call Forwarding is not represented as suitable for the transmission of data.

g. [Reserved]

h. Remote Call Forwarding is provided on condition that the Customer subscribe to sufficient RCF paths and terminating facilities to adequately handle calls to the RCF Customer without interfering with or impairing any other services offered by the Company.

i. The minimum charge for the RCF Service is the monthly rate for one month plus the Service Connection Charge.

j. Charges for the call to the Remote Call Forwarding directory number shall be paid by the calling party.

k. Each RCF group is entitled to one alphabetical and one classified listing at no additional charge in the directory which serves the associated RCF central office. Overflow paths associated with foreign exchange trunk groups are not listed. All other listing regulations for business individual lines apply, except that no charge applies for non-published service in connection with RCF.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.13 REMOTE CALL FORWARDING SERVICE (Cont'd)

5.13.3 Rates

In addition to the rates specified in Section 13 of this Tariff, the subscriber to Remote Call Forwarding is responsible for dial type (DDD) station-to-station local and toll charges applicable to calls transferred from the forwarding location to the terminating location. The charge applies for each call answered, including person-to-person and collect calls which are refused at the terminating location. For calls transferred within the same local calling area, the message rate schedule for business service in the RCF central office applies. In exchanges where only flat rate service is furnished, the charge for each local call transferred is a Rate Band 1 (A) charge. No allowance for local calls is included in the RCF monthly rate.

5.14 CALLING CARD SERVICES

Calling Card Service can be used from anywhere in the United States and may terminate in over 200 countries in the world. Calls are originated by dialing 0 + area code and telephone number.

5.15 PREPAID DEBIT CARD SERVICES

5.15.1 Prepaid debit card service is a prepaid long distance calling card service, under which Customers purchase cards in predetermined amounts for long distance usage. Customers access the service by dialing a Company specified access code. As a Customer accesses the service, usage rates and taxes are automatically deducted from the remaining card balance. Customers are notified with a usage remaining message each time a call is placed. Customers will also receive a remainder message when the balance of the card reaches one (1) minute of usage. Calls in progress will be terminated if the balance on the prepaid card is insufficient to cover the charges associated with the call. When the card balance reaches zero, the user must purchase another card or have the card recharged pursuant to instructions the Company provides to users purchasing the cards. Calls are billed in initial and additional one (1) minute increments, with any fractional portion of call rounded up to the next highest billing increment.

5 - SUPPLEMENTAL SERVICES (Cont'd)

5.15 PREPAID DEBIT CARD SERVICES (Cont'd)

5.15.2 The value of the telephone service assigned to the prepaid calling card will be clearly and prominently printed on the card or individual enclosure containing the card, in dollar, minute, or unit amounts. At the time of sale, prepaid calling card Customers will have information which allows the Customer to know or compute the price per minute of intrastate calls for the prepaid card (i.e., either the price per minute or the price of the card and the number of minutes provided on the card).

5.15.3 The name of the Company will be clearly printed on the prepaid calling card.

5.15.4 If a prepaid card expires on a certain date, that date will be clearly and prominently indicated on the card or on the individual enclosure containing the card. If the card expires within a specified time after activation or after first use, or after last use, such terms of expiration will be clearly indicated. If an expiration date is not disclosed, the card will be considered active as long as time remains on the card.

5.15.5 Each card will include a toll free Customer service number. The toll free number will be manned by a live operator for 8 hours a day, 5 days a week, Customer complaints will be responded to within 24 hours of the Company receiving the complaint.

5.15.6 A prepaid calling card will have a clearly defined procedure for refunding the Customer's money or reissuing a new prepaid card should a prepaid card become unusable. The refund will be equal to the value remaining on the Customer's card. This information is available from the Company either through its toll free 1-800 Customer service number or is printed on the card. The Company will not be required to provide a refund when a card has been lost or stolen.

5.15.7 Customers will only be charged for calls when completed. Customers will not be charged for ring time and uncompleted calls. Billing for a call will end either when the calling or called party hangs up.

5.15.8 If a card is a sample (a sample card is one with no time allocated to it) or other non-functioning card, there will be clear information either on the card or the individual enclosure containing the card that indicates that the card is a sample with no time assigned to it.

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5 - SUPPLEMENTAL SERVICES (Cont'd)

5.15 PREPAID DEBIT CARD SERVICES (Cont'd)

5.15.9 Each card will have clearly printed dialing instructions for the use of the card.

5.15.10 Customers will be provided with, upon request, up to date, time, dollar, or unit amounts remaining on their prepaid calling cards at no additional cost. Service rates of the cards will remain uniform or in no instance increase during the life of initial value of the card and prior to recharge. Service rates at the time of recharge may differ from the rates in effect during the initial value of the card, but will not increase during any specific recharge period. The recharge rate will be disclosed to the Customer at the time of purchase.

5.16 TOUCH TONE

A way of signaling consisting of a push button or touchtone dial that sends out a sound which consists of two discrete tones (one low frequency and one high frequency), picked up and interpreted by telephone switches.

RESIDENTIAL NETWORK SWITCHED SERVICES

6 - RESIDENTIAL NETWORK SWITCHED SERVICES

6.1 GENERAL

Residential Network Switched Service provides a residential Customer with a connection to the Company's switching network which enables the Customer to:

a. place and receive calls from other stations on the public switched telephone network;

b. access the Company's local calling service;

c. access the Company's operators and business office for service related assistance; access 800 toll-free telecommunications services such as toll-free NPA; and access 911 service for emergency calling; and

d. access the service of providers of interexchange service. A Customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 toll-free service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (101XXXX). At the time of initial subscription, the Customer shall designate a Primary Interexchange Carrier (PIC) for intra-LATA and inter-LATA toll service. If the Customer does not select an intra-LATA PIC, and does not request Blocking of intra-LATA toll calls, the Company shall be deemed to have been designated as the Customer's intra-LATA PIC.

6 - RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES

The following Residential Network Switched Service Options are offered:

- Residential Measured Rate Service
- Residential Flat Rate Service

All Residential Network Switched Service may be connected to Customer-provided terminal equipment such as station sets or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only. Optional Voice Mail Service is available.

The following Custom Calling Service features are offered to Residential Network Switched Service Subscribers:

Three Way Conference, Consultation, Transfer
Call Forward Busy
Call Forward Don't Answer
Call Forward Variable
Call Waiting, Terminating, and Originating
Cancel Call Waiting
Distinctive Ringing
Speed Calling (One/Two Digit)

The following Supplemental Service features are offered to Residential Network Switched Service Subscribers:

Remote Call Forwarding

6 - RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

The following features are available with Residential Line Service at an additional charge:

HUNT GROUP CHARGES

Sequential Hunting
Circular Hunting
Uniform Hunting
Queuing With Announcement
Per Queue Set

HUNT LINE CHARGES

Sequential Hunting
Circular Hunting
Uniform Hunting

The following LASS features are offered to Residential Network Switched Service Subscribers:

Call ID
Block Call ID
Automatic Call Back
Automatic Recall
Call Trace
Selective Call Acceptance, Forwarding, Rejection

Charges for Residential Network Switched Service include a nonrecurring service connection charge and a monthly recurring charge for each line. Monthly recurring charges apply to optional voice mail and service features. Measured charges apply to Measured Rated Service, in addition to other rate elements described above.

The following Advanced Features are available at an additional charge:
1) Voice messaging; and 2) 6-Way Conference per line.

6 - RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

6.2.1 Measured Rate Service

a. Description

Measured Rate Service provides calls to points within the local exchange area and are charged on the basis of call duration in addition to a base monthly charge. Local calling areas are as specified in Section 12.

Each Measured Rate Service has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop Start
Pulse Type:	Dual Tone Multi-Frequency (DTMF) or Dial Pulse (DP)
Directionality:	Two-way, In-Only, or Out-Only, as specified by the Customer.

b. Local Measured Service Time Periods:

1. Suburban Exchange Area
Dial Station-To-Station Calls - Metro Call Bands B-F (Cont'd)

Day Rate: applies to directly dialed station-to-station calls placed Monday through Friday, 8:00AM to 5:00PM*

Evening Rate: applies to directly dialed station-to-station calls placed Monday through Friday, 5:00PM to 10:00PM*

Night and Weekend: applies to directly dialed station-to-station calls placed Monday through Friday, 10:00PM to 8:00AM, and all day Saturday and Sunday.*

* The time shown indicates the termination of one rate application period and the beginning of the next. Calls connected at exactly the time shown are considered in the next time period.

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6 - RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

6.2.1 Measured Rate Service (Cont'd)

c. Integrated Services Digital Network - Basic Rate Interface (ISDN-BRI)

(1) Description

ISDN is a single integrated digital telecommunications network architecture which provides for the simultaneous access, transmission and switching of voice data and image services via channelized transport facilities over a set of standard multipurpose user-network interfaces.

a. The ISDN-BRI feature supports one 16 kb/s D-channel path between Customer digital PBS equipment and the protocol handler in a PSU of the 5ESS(R) switch. This feature also provides the administration software for up to 2 B-channels associated with a D-channel in the same T1 facility (1.544 Mb/s for domestic). This interface supports both ISDN PBSs and host computers.

6.2.2 Flat Rate Service

a. Description

Flat Rate Service provides the Customer with an unlimited number of outgoing calls within a specified local calling area. Local calling areas are as specified in Section 12.

Each Flat Rate Service has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop Start
Pulse Type:	Dual Tone Multi-Frequency (DTMF) or Dial Pulse (DP)
Directionality:	Two-way, In-Only, or Out-Only, as specified by the Customer.

6 - RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

6.2.2 Flat Rate Service (Cont'd)

b. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this Tariff. In certain circumstances, service to Customers may require the use of a link (and, or) number portability arrangements provided by the Incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the Company's Base Service Line charge set forth below or the charge to the Company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability arrangement.

Charges for each Flat Rate Service line include a monthly recurring Base Service Charge.

See Rate Schedule in Section 13 of this Tariff.

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BUSINESS NETWORK SWITCHED SERVICES

7 - BUSINESS NETWORK SWITCHED SERVICES

7.1 GENERAL

Business Network Switched Service provide a business Customer with a connection to the Company's switching network which enables the Customer to:

a. receive calls from other stations on the public switched telephone network;

b. access the Company's local calling service;

c. access the Company's operators and business office for service related assistance; access toll-free telecommunications service such as 800 NPA; and access 911 service for emergency calling; and

d. access the service of providers of interexchange service or intraLATA toll service. A Customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive toll-free 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (101XXXX). At the time of initial subscription, the Customer shall designate a Primary Interexchange Carrier (PIC) for intra-LATA and inter-LATA toll service. If the Customer does not select an intra-LATA PIC, and does not request Blocking of intra-LATA toll calls, the Company shall be deemed to have been designated as the Customer's intra-LATA PIC.

Business Network Switched Service is provided via one or more channels terminated at the Customer's premises. Each Business Network Switched Service channel corresponds to one or more analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time.

Connection charges as described in Section 3 apply to all service on a one-time basis unless waived pursuant to this Tariff.

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES

The following Business Access Service Options are offered:

Basic Business Line Service
Public Access Lines Service
PBX Trunks
Centrex-type Service

Basic Business Line Service, PBX trunks, and Centrex-type Service are offered with measured rate local service.

All Business Network Switched Service may be connected to Customer-provided terminal equipment such as station sets, key systems, PBX systems, or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only. Optional Voice Mail Service is available.

The following features as described in Section 5 are available with Business Line Service for an additional charge:

Three Way Conference, Consultation
Call Forwarding (Variable, Busy Line, Don't Answer)
Call Hold
Call Waiting/Cancel Call Waiting
Speed Calling One Digit
Speed Calling Two Digit

The following supplemental service features are offered to business network switched service subscribers for an additional charge:

Remote Call Forwarding

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

The following features are available with Business Line Service at an additional charge.

HUNT GROUP CHANGES
Sequential Hunting
Circular Hunting
Uniform Hunting
Queuing With Announcement
Per Queue Set

HUNTING LINE CHANGES
Sequential Hunting
Circular Hunting
Uniform Hunting

The following LASS features are offered to business network switched service subscribers at an additional charge:

Call ID
Block Call ID
Auto Call Back
Auto Redial
Call Trace
Selective Acceptance, Forwarding, Rejection

7.2.1 Basic Business Line Service

a. General

Basic Business Line Service provides a Customer with a one or more analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Local calling service is available at a flat rate included in the line price, or on a measured usage basis. Basic Business Lines are provided for connection of Customer-provided single-line terminal equipment such as station sets or facsimile machines.

The following Advanced Features are available at an additional charge: 1) Voice Messaging; and 2) 6-Way Conference per line.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.1 Basic Business Line Service (Cont'd)

a. General (Cont'd)

Each Basic Business Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual Tone Multi frequency (DTMF) or Dial Pulse (DP)
Directionality:	Two-Way, In-Only, or Out-Only, at the option of the Customer

b. Measured Rate Basic Business Line Service

1. Description

Calls to points within the local exchange area are charged on the basis of the duration of completed calls originating from the Customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 12.

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.1 Basic Business Line Service (Cont'd)

b. Measured Rate Basic Business Line Service (Cont'd)

2. Recurring and Nonrecurring Charges

Charges for each Measured Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the Customer's line based on the duration of calls during the billing period. In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this Tariff. In certain circumstances, service to Customers may require the use of a link (and, or) number portability arrangements provided by the Incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the Company's Base Service Line charge set forth below or the charge to the company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.1 Basic Business Line Service (Cont'd)

c. Flat Rate Basic Business Line Service

1. Description

With the Flat Rate Basic Business Line Service, the Customer pays a monthly rate for an unlimited number of outgoing calls within a specified local calling area. Local calling areas are as specified in Section 12.

2. Recurring and Nonrecurring Charges

Charges for each Flat Rate Service line include a monthly recurring Base Service Charge for an unlimited number of outgoing calls within a specified local calling area. In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this Tariff. In certain circumstances, service to Customers may require the use of a link (and, or) number portability arrangements provided by the Incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the Company's Base Service Line charge set forth below or the charge to the Company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.2 Public Access Line Service

Public Access Line Service provides a single, analog, voice-grade telephonic communications channel that can be used to connect a pay telephone to the Company's switching equipment. Local measured usage charges apply to all local calls originating on this line. Service to Customers may require the use of a link (and, or) number portability arrangements provided by the Incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the company's Base Service Line charge set forth below or the charge to the company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service

a. General

PBX trunks are provided for connection of Customer-provided PBX terminal equipment. Trunks can be delivered at a DS0 level or at the DS1 level.

DID service allows callers to reach the called party without going through a PBX attendant. DOD service allows end users to dial outside of a PBX system without going through the PBX attendant to get access to an outside line. Digital trunks cannot be two-way trunks, but must be ordered as with either Direct Inward Dialing (DID) or Direct Outward Dialing (DOD).

For DID configured PBX trunks additional charges apply for Direct Inward Dial Station numbers.

Each DS0 level Trunk has the following characteristics:

Terminal Interface:	2-wire or 4-wire, as required for the provision of service
Signaling Type:	Loop, Ground, E&M I, II, III
Pulse Type:	Dual Tone Multi-Frequency (DTMF) or Dial Pulse (DP)
Directionality:	In-Coming Only (DID), Out-Going Only (DOD), or Two-Way

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

b. Measured Rate PBX Trunks

(1) Description

Measured Rate DS0 PBX Trunks provide the Customer with a single voice grade telephonic communications channel which can be used to place or receive one call at a time. Local calls on two-way trunks and DOD trunks are billed on a measured rate basis. DID trunks are arranged for one-way inward calling only.

(2) Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this Tariff. Charges for each Measured Rate PBX Trunk include a monthly recurring Base Service Charge and usage charges for completed calls originated from the Customer's lines based on the duration of calls during the billing period. Local calling areas are as specified in Section 12. Service to Customers may require the use of a link (and, or) number portability arrangements from the incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the Company's Base Service Line charge set forth below or the charge to the Company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

c. Measured Rate Analog PBX Trunks

(1) Recurring and Nonrecurring Charges

Terminal Numbers:

1-20 lines in terminal group
100 lines in terminal group

(2) Measured Usage Charges

Measured Usage Charges for Measured Rate PBX Trunks are the same as those indicated for a basic business line.

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

d. DS1 PBX Trunk Service

(1) Description

DS1 PBX Trunk Service provides a Customer with connection to the Company switch via a DS1 digital fiber optic transmission facility operating at 1.544 Mbps and time division multiplexed into 24 voice grade telephonic communications channels. Digital PBX Trunks are provided for connection of Customer-provided PBX equipment or trunk capable key systems to the Company switch. Each DS1 PBX Trunk has the following characteristics:

Terminal Interface:	Channel Bank or DSX-1 panel
Signaling Type:	Loop, Ground, E&M I, II, III
Start Dial Indicator:	Immediate Wink, Delay Dial, Dial Tone
Pulse Type:	Dual Tone Multi-Frequency (DTMF)
Directionality:	In-Coming or Out-Going Only, as specified by the Customer

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

d. DS1 PBX Trunk Service (Cont'd)

(2) Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed in Section 13 of this Tariff, service order charges apply as described in Section 3 of this Tariff. Charges for each Measured Rate DS1 PBX Trunk include a monthly recurring Base Service Charge and usage charges for completed calls originated from the Customer's lines based on the duration of calls during the billing period. In certain circumstances, service to Customers may require the use of private line facilities obtained by the company from the Incumbent Local Exchange Carrier or another underlying provider. In such circumstances, the monthly recurring charges to the Customer will be the greater of the Company's Monthly Recurring Charges set forth below or the charge to the Company by the Incumbent Local Exchange Carrier or other underlying provider for the private line facility used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

e. Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) Basic Rate Interface (ISDN-BRI)

(1) Description

ISDN is a single integrated digital telecommunications network architecture which provides for the simultaneous access, transmission and switching of voice data and image services via channelized transport facilities over a set of standard multipurpose user-network interfaces. PRI governs the connectivity between switching equipment (network or Customer) and Customer equipment and allows voice and data services, simultaneously while supporting circuit-switched and packet-switched connections.

The ISDN-PRI feature supports a 64 kb/s D-channel path between Customer digital PBX equipment and the protocol handler in a PSU of the 5ESS(R) switch. This path is made up of a dedicated time slot between channel 24 on a digital facility interface (DFI) and the assigned protocol handler. This feature also provides the administration software for up to 23 B-channels associated with a D-channel in the same T1 facility (1.544 Mb/s for domestic). This interface supports both ISDN PBXs and host computers.

(i) Features

Call-by-Call Service - Provides the ability for the Dedicated B-channel(s) to be configured to access multiple tariffed services on a per-call basis. The Customer premises equipment signals the local central office as to what type of services to access for each call.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.3 PBX Trunk Service (Cont'd)

e. Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI)/Basic Rate Interface (ISDN-BRI) (Cont'd)

The ISDN-BRI feature supports one 16 kb/s D-channel path between Customer digital PBS equipment and the protocol handler in a PSU of the 5ESS(R) switch. This feature also provides the administration software for up to 2 B-channels associated with a D-channel in the same T1 facility (1.544 Mb/s for domestic). This interface supports both ISDN PBXs and host computers.

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.4 Centrex-type Service

a. Description

Centrex-type Service is a multi-station system offered to the business Customer with 4 or more lines or trunks. It consists of digital switching equipment in the Company's switches connected to station lines on the Customer's premises. Centrex-type Service enables the Customer to originate and receive local calls within its system at no additional charge. Local measured usage charges apply to all other local calls. Local calling areas are as specified in Section 12.

Centrex-type Service is offered on a contracted basis with four terms: 24, 36, 60 and 84 months. Thirty days prior to the expiration of the contract term, the Customer may cancel service or renew for a new term commitment. If the Customer does not cancel or renew the service, service will continue on a month to month basis at the monthly rate associated with the twenty-four month term plan.

Each Centrex-type Station Line has the following characteristics:

Terminal Interface:	2-Wire or 4-Wire as required for the provision of service
Signaling Type:	Loop Start
Pulse Type:	Dual Tone Multi-Frequency (DTMF)
Directionality:	Two-Way, In-Only or Out-Only

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.4 Centrex-type Service (Cont'd)

b. Features

The Centrex-type Service Customer is provided with standard features as part of the Centrex-type Service line and can purchase optional features at an additional charge.

The following Centrex-type features are available to the Customer of Centrex-type Service and are included in the Centrex line charge:

STANDARD FEATURES

Three-Way Conference, Consultation, Transfer
Call Forwarding Variable
Call Forwarding Busy Line
Call Forwarding Don't Answer
Permanent Hold
Call Hold
Call Park
Call Pick-up
Call Waiting Terminating
Call Waiting Originating
Speed Calling One Digit
Speed Calling Two Digit

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.4 Centrex-type Service (Cont'd)

b. Features (Cont'd)

The following Centrex-type Service features are available to the Customer of Centrex-type Service at an additional charge:

OPTIONAL FEATURES

Hunt Group Charge
Sequential Hunting
Circular Hunting
Uniform Hunting

Hunting Line Charge
Sequential Hunting
Circular Hunting
Uniform Hunting

Advance Features Line Charge
Voice Messaging
6 Way Conference Per Arrangement

LASS Features Line Charge
Call ID
Block Call ID
Auto Callback
Call Trace
Selective Call Acceptance
Selective Call Forwarding
Selective Call Rejection

LASS Features Usage Charge
Call ID
Block Call ID
Auto Callback
Auto Recall
Call Trace Per Activation
Selective Call Acceptance
Selective Call Forwarding
Selective Call Rejection

7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.4 Centrex-type Service (Cont'd)

c. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed in Section 13 of this Tariff, service order charges apply as described in Section 3 of this Tariff. In certain circumstances, service to Customers may require the use of a link (and, or) number portability arrangements provided by the Incumbent Local Exchange Carrier. In such circumstances, the monthly recurring charge to the Customer will be the greater of the company's Base Service Line charge set forth below or the charge to the company by the Incumbent Local Exchange Carrier for the link used to serve the Customer. If the Customer is served through a Number Portability Arrangement, the monthly charge to the Customer will be increased by the applicable charge from the Incumbent Local Exchange Carrier to the Company of the Number Portability Arrangement.

d. Digital Centrex-Type Service

Digital Centrex-type is a telephone service provided through *the public switched telephone network* (PSTN) via ISDN *basic rate interface* (BRI) lines. BRI provides a capability of up to three digital channels, two bearer (B) channels and 64 Kbps, and one data (D) channel at 16 Kbps. BRI is also commonly known as 2B+D. The B channels are capable of carrying voice, data, image, or video transmissions. The D Channel is used for out-of-band signaling or data transmission. Digital Centrex-type Service is provided via the *central office* (CO) of the local Telephone Company. An *Individualized dialing plan* (IDP) is offered with digital Centrex-type service that incurs a common equipment charge. An IDP allows for four-digit dialing between Centrex-type stations defined within the same IDP group. Default features are provided through Digital Centrex-type service to the Customer such as transfer and 3-way conference calling. Enhanced features are also available for an additional charge. These features are charged on a per feature basis. Digital Centrex-type service provides telephone system capabilities through the CO, eliminating the need for Customer premise switching equipment.

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7 - BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (Cont'd)

7.2.5 Term Liability/Termination Charges

Several of the services offered above are available at reduced prices if the Customer agrees at the time the order is placed to continued service for a specified period of time ("term"). If the Customer terminates service prior to the end of the term, in part or in whole, then termination charges may apply. If a Customer disconnects service prior to the fulfillment of the term plan contracted, then a termination liability will be due to Company from Customer. The termination liability charge will be the difference between the monthly rate for the highest term period which could have been satisfied prior to service discontinuance and the monthly rate for the selected commitment period multiplied by the actual number of months the plan has been in effect. The monthly rates used for this calculation will be those in effect at the time the service is disconnected.

7.2.6 Integrated Services Digital Network – Basic Rate Interface (ISDN-BRI)

Integrated Services Digital Network (ISDN) is an international standard for dial-up digital transmission over a public telephone network. Its stated purpose is to deliver more bandwidth to the end user than analog by moving the signaling out of band and delivering a host of new services to users. The BRI, also known as 2B+D, consists of two bearer and one data channel. Each bearer channel represents a 64kbps channel and each data channel represents a 16kbps signaling and control data stream. The B channels carry voice, data, image or videos. The D channel corrects any errors that may occur in the transmission, and makes it possible to carry on a conversation and work on the Internet at the same time on the same line. Personal modems and fax machines use ISDN-BRI lines. This service is delivered over a T1 circuit and requires a T1 board.

INTRALATA TOLL USAGE AND MILEAGE CHARGES

8 - INTRALATA TOLL USAGE AND MILEAGE CHARGES

8.1 GENERAL

8.1.1 Description

IntraLATA toll service is furnished for communication between telephones in different local calling areas within a particular LATA in accordance with the regulations and schedules of charges specified in this Tariff. The toll service charges specified in this section are in payment for all service furnished between the calling and called telephone, except as otherwise provided in this Tariff.

IntraLATA toll calling includes the following types of calls: direct dialed, calling card, collect, 3rd number billed, special toll billing, requests to notify of time and charges, person to person calling and other station to station calls.

8.1.2 Classes of Calls

Service is offered as two classes: station to station calling and person to person calling.

a. Station to Station Service is that service where the person originating the call dials the telephone number desired or gives the Company operator the telephone number of the desired telephone station or system.

b. Person to Person Service is that service where the person originating the call specifies to the Company operator a particular person to be reached, a particular mobile unit to be reached, or a particular station, department or office to be reached. The call remains a person to person call when, after the telephone, mobile telephone, or PBX system has been reached and while the connection remains established, the person originating the call requests or agrees to talk to any person other than the person specified, or to any other agreed upon alternate.

8 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

8.2 TIME PERIODS DEFINED

8.2.1 Unless otherwise indicated, all calls are timed in one minute increments and all calls which are fractions of a minute are rounded up to the next whole minute.

8.2.2 For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.

8.2.3 For person to person calls, call timing begins when connection is established between the calling person and the particular person, station or mobile unit specified or an agreed alternate.

8.2.4 Call timing ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released either by automatic timing equipment in the telephone network or by the Company operator.

8.2.5 Calls originating in one time period as defined in Section 8.3 and terminating in another will be billed the rates in effect at the beginning of each minute.

8.2.6 All times refer to local time.

8 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

8.3 REGULATIONS AND COMPUTATION OF MILEAGE

Calls for which rates are mileage sensitive are rated on the airline distance between the originating rate center and the terminating rate center.

8.3.1 Originating Rate Center

A Customer's primary local exchange number includes an NXX code that is associated with a specific rate center. The originating point of all calls charged to that customer's account shall be the location of the Customer's rate center.

8.3.2 Terminating Rate Center

The terminating point for all calls shall be the location of the local rate center associated with the called number.

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8 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

8.3 REGULATIONS AND COMPUTATION OF MILEAGE (Cont'd)

8.3.3 Calculation of Mileage

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between any two rate centers is determined as follows:

Airline mileage, where mileage is the basis for rating calls, is obtained by using the "V" and "H" coordinates assigned to each rate center and contained in NECA FCC Tariff No. 4 or successor tariffs. To determine the airline distance between any two locations, proceed as follows:

a. Obtain the "V" and "H" coordinates for each location. The "V" coordinate is the first four digits in the "VH" column. The "H" coordinate is the next four digits.

b. Obtain the difference between the "V" coordinates of each of the locations. Obtain the difference between the "H" coordinates.

c. Square each difference obtained in step b., above.

d. Add the square of the "V" difference and the "H" difference obtained in step c., above.

e. Divide the sum of the square by 10. Round to the next higher whole number if any fraction is obtained.

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8 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

8.3 REGULATIONS AND COMPUTATION OF MILEAGE (Cont'd)

8.3.3 Calculation of Mileage (Cont'd)

f. Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

Formula:

$$\sqrt{\frac{(V - V2^{2} + (H - H2^{2}}{1}}$$

8.4 CALL CHARGES

Rates are based on the duration of the call as measured according to Section 8.2 above, time of day rate period of the call as described in Section 8.3 and the airline mileage between points of the call as described in Section 8.4. In addition, where live or automated operator assistance is required for call completion or billing, a per call service applies.

Charges for all classes of calls may be to the calling station, to the called station when the called party agrees to accept the charges, to an authorized telephone number which is not the called station or the calling station (3rd number billing), or to an authorized calling card.

8.4.1 Usage Charges:

a. Business Two-Point Message Toll Service

See Rate Schedule in Section 13 of this Tariff.

b. Residence Two-Point Message Toll Service

See Rate Schedule in Section 13 of this Tariff.

SPECIAL SERVICES AND PROGRAMS

9 - SPECIAL SERVICES AND PROGRAMS

9.1 LIFELINE TELEPHONE SERVICE

9.1.1 Basic Lifeline Service

This low price individual message rate service provides a full waiver of the $3.50 federal subscriber line charge. There is no monthly allowance for local calls. Primary area and home region calls are untimed. Extended area calls (where available) are timed.

9.1.2 Eligibility

This service is restricted to low income residential Customers. To qualify for Lifeline service a Customer must be income eligible for benefits from any one of the following Entitlement Programs:

Aid to Families with Dependent Children (AFDC)
Food Stamps
Home Energy Assistance Program (HEAP)
Home Relief
Medicaid
Supplemental Security Income (SSI)

The applicant must provide proof to the Company that he or she is certified as income eligible to receive one or more of the above benefits. After initial contact the Customer is sent an application form to be completed by the Customer or authorized representative of the Customer, as designated by the appropriate state agencies and identified as so authorized on the Customer's card for any of the above benefits.

In addition, applicants are eligible for discounted Life Line rates when approved to receive either a Veterans Disability Pension or a Veterans Surviving Spouse Pension. Applicants must provide proof to the Company that they are receiving one of these pensions.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.1 LIFELINE TELEPHONE SERVICE (Cont'd)

9.1.2 Eligibility (Cont'd)

Lifeline services are effective upon receipt of a completed and signed form or an application form certified from an entity authorized by the Company. If the form is not returned, no further action is taken by the Company to establish eligibility. The lifeline discount is credited as of the service connection date.

An individual's eligibility may be documented by information obtained by the Company as a result of enrollment programs, including but not limited to confidential computerized matching programs, conducted by the Company in conjunction with state agencies.

The Company, in coordination with appropriate agencies, will periodically verify each Lifeline Customer's eligibility. If a Customer is identified as being ineligible, the Customer will be notified that unless the information is shown to be in error, the Lifeline discount will be discontinued. The Customer will be billed for discounts received for any period in which he or she is proven to be ineligible for the service.

9.1.3 Charges

A qualified Customer may choose one of the Lifeline services as described. For connection of new service, service connection charges apply unless the Customer qualifies for connection assistance under the Link Up America plan as outlined in Section 9.2 of this Tariff.

Service connection charges do not apply to change existing service from:

a. Message Rate Service to Basic Lifeline service;

b. Basic Lifeline service to Message Rate Service.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.2 LINK UP AMERICA

The Link Up America program is a connection assistance plan which provides for the reduction of one-half of the charges associated with connection of telephone service, up to $30.00, subject to the following eligibility criteria:

a. The applicant must meet the requirements for qualification for Lifeline Telephone Service stipulated in 9.1.2, above;

b. The assistance can only apply for a single telephone line at the principal place of residence of the applicant;

c. The applicant must not be a dependent for federal income tax purposes, unless he or she is more than 60 years old.

9.3 SPECIAL EQUIPMENT FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

9.3.1 The Company will provide, upon request, specialized telecommunications equipment for a Customer certified as hearing or speech impaired.

9.3.2 A Customer can be certified as hearing or speech impaired by a licensed physician, otolaryngologist, speech-language pathologist, audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairments in cooperation with an official agency of the State of Arizona.

9.3.3 The Company will make every reasonable effort to locate and obtain equipment for a certified Customer.

9.3.4 The Customer may purchase equipment at a price not to exceed the actual purchase price (including any applicable shipping costs) the Company pays.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.3 SPECIAL EQUIPMENT FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

9.3.5 The Company will also advise the Customer who requests this equipment of the applicable terms for purchase.

9.4 DISCOUNTED SERVICE FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

9.4.1 A handicapped person who has been certified to the Company as having a hearing or speech impairment which requires that he or she communicate over telephone facilities by means other than voice, and who either use non-voice equipment or make calls through an interpreter, will receive, upon application to the Company, a fifty percent (50%) discount on local message rate service.

9.4.2 Certification

Acceptable certifications are:

1. Those made by a licensed physician, otolaryngologist, speech-language pathologist or audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairment in cooperation with an official agency of the State of Arizona, or

2. A pre-existing certification establishing the impairment of hearing or speech such as those which qualify the handicapped person for social security benefits on the basis of total hearing impairment or for the use of facilities of an agency for a person with hearing or speech impairment.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.4 DISCOUNTED SERVICE FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER (Cont'd)

9.4.3 Qualification

A Customer qualifying for the discount is one whose impairment is such that competent authority would certify him or her as being unable to use a telephone for voice communication. See "Handicapped Person," on page 13 of this Tariff, for a listing of the necessary qualifications.

9.4.4 Billing

The reduction in charges is applied only at one location, designated by the impaired person.

9.5 UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

9.5.1 General

Universal Emergency Telephone Number Service (911 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the number 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. The telephone user who dials the 911 number will not be charged for the call.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.5 UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

9.5.2 Regulations

a. This service is furnished to municipalities and other governmental agencies only for the purpose of voice reporting of emergencies by the public. For this service, the municipality or government agency(s) designated by the Customer as responsible for the control and staffing of the emergency report center is referred to as the "Agency".

b. When 911 service replaces an existing emergency number, intercept service shall be the responsibility of the Agency. However, if the Agency is unable to provide this service, the operator will intercept and forward requests for emergency aid for a period of at least one year

c. 911 service is furnished for incoming calls only.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.5 UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

9.5.3 Conditions of Furnishing Service

This service is offered solely as an aid in handling assistance calls in connection with fire, police, medical, and other emergencies. The Company is not responsible, in the absence of gross negligence or willful misconduct, for any losses, claims, demands, suits, or any liability, whether suffered, made, instituted, or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of such facilities. By dialing 911, the Customer agrees to release, indemnify, defend, and hold harmless the Company from any and all loss or claims, whatsoever, whether suffered, made, instituted, or asserted by the destruction of any property, whether owned by the Customer or others. Not withstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary, or punitive damages of any nature whatsoever.

The Company is not responsible for any infringement or invasion of the right of privacy of any person or persons, caused, or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of the 911 service features and the equipment associated therewith, including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing the 911 service.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.6 ENHANCED UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

9.6.1 General

Enhanced Universal Emergency Telephone Number Service (E911 Service) is a Call Delivery Network whereby any telephone user who dials the number 911 will reach a designated Public Safety Answering Point (PSAP). E911 Service is offered in the Company's serving area subject to the availability of stored program control central office facilities, Enhanced 911 software, and ANI equipment. The telephone user who dials the 911 number will not be charged for the call.

9.6.2 Regulations

a. In addition to the following, the regulations in Section 9.5.2 of this Tariff, apply.

b. This Tariff does not provide for the inspection or constant monitoring of facilities to discover errors, defects, or malfunctions in the service, nor does the company undertake such responsibility. The Agency shall make such operational tests as in their judgment are required to determine whether the system is functioning properly for its use. The Agency shall promptly notify the Company in the event the system is not functioning properly.

c. E911 information, consisting of the names, addresses, and telephone numbers of all telephone Customers, is confidential, The Company will release such information to the Agency periodically for the update of their systems.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.6 ENHANCED UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE (Cont'd)

9.6.2 Regulations (Cont'd)

d. The E911 calling party, by dialing 911, waives the privacy afforded by non-listed and non-published service to the extent that the telephone number ("ANI") and address ("ALI") associated with the originating station location are furnished to the PSAP, on a call by call basis, after an E911 call has been received.

e. Service boundaries of the Company and political subdivision boundaries may not coincide. In the event that the Agency does not subscribe to Selective Routing, it must make arrangements to handle all 911 calls that originate from telephones served by Central offices in the local service areas (i.e., exchange) whether or not the calling telephone is situated on property within the geographical boundaries of the Agency's public safety jurisdiction.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.6 ENHANCED UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE (Cont'd)

9.6.3 Conditions of Furnishing Service

This service is offered solely as an aid in handling assistance calls in connection with fire, police, medical, and other emergencies. The Company is not responsible, in the absence of gross negligence or willful misconduct, including default routing, for any losses, claims, demands, suits, or any liability, whether suffered, made, instituted, or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of such facilities. By dialing 911, the Customer agrees to release, indemnify, defend, and hold harmless the Company from any and all loss or claims, whatsoever, whether suffered, made, instituted, or asserted by the destruction of any property, whether owned by the Customer or others. Not withstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary, or punitive damages of any nature whatsoever, including for default routing.

The Company is not responsible for any infringement or invasion of the right of privacy of any person or persons, caused, or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of the 911 service features and the equipment associated therewith, including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing the 911 service.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.7 ARIZONA RELAY SERVICE

9.7.1 General

The Company will provide access to a telephone relay center for the Arizona Relay Service. The service permits telephone communications between hearing and/or speech impaired individuals who must use a Telecommunications Device for the Deaf (TDD) or a Teletypewriter (TTY) and individuals with normal hearing and speech. The Relay Service can be reached by dialing a toll-free 800 number. Specific toll-free 800 numbers have been designated for both impaired and non-impaired Customers to use.

9.7.2 Regulations

a. Only intrastate calls can be completed using the Arizona Relay Service under the terms and conditions of this Tariff.

b. Charges for calls placed through the Relay Service will be billed as if direct distance dialed (DDD) from the point of origination to the point of termination. The actual routing of the call does not affect billing.

c. Calls through the Relay Service may be billed to a third number only if that number is within the State of Arizona. Calls may also be billed to calling cards issued by the Company or other carriers who may choose to participate in this service.

9 - SPECIAL SERVICES AND PROGRAMS (Cont'd)

9.7 ARIZONA RELAY SERVICE (Cont'd)

9.7.2 Regulations (Cont'd)

d. The following calls may not be placed through the Relay Service:

1. calls to informational recordings and group bridging service:

2. calls to time or weather recorded messages;

3. station sent paid calls from coin telephones; and

4. operator-handled conference service and other teleconference calls.

9.7.3 Liability

The Company contracts with an outside provider for the provision of this service. The outside provider has complete control over the provision of the service except for the facilities provided directly by the Company. In addition to other provisions of this Tariff dealing with liability, in the absence of gross negligence or willful misconduct on the part of the Company, the Company shall not be liable for and the Customer, by using the service, agrees to release, defend, and hold harmless for all damages, whether direct, incidental or consequential, whether suffered, made, instituted, or asserted by the Customer, or by any other person, for any loss or destruction of any property whatsoever, whether covered by the Customer or others, or for any personal injury or death of, any person. Not withstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary, or punitive damages of any nature whatsoever.

SPECIAL ARRANGEMENTS

10 - SPECIAL ARRANGEMENTS

10.1 SPECIAL CONSTRUCTION

10.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

a. nonrecurring charges;
b. recurring charges;
c. termination liabilities; or
d. combinations of a., b., and c.

10.1.2 Basis for Cost Computation

The costs referred to in 10.1.1 preceding may include one or more of the following items to the extent they are applicable:

a. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:

   (1) equipment and materials provided or used;
   (2) engineering, labor, and supervision;
   (3) transportation; and
   (4) rights of way and/or any required easements.

b. Cost of maintenance.

c. Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage.

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10 - SPECIAL ARRANGEMENTS (Cont'd)

10.1 SPECIAL CONSTRUCTION (Cont'd)

10.1.2 Basis for Cost Computation (Cont'd)

d. Administration, taxes, and uncollectible revenue on the basis of reasonable average cost for these items.

e. License preparation, processing, and related fees.

f. Tariff preparation, processing and related fees.

g. Any other identifiable costs related to the facilities provided; or

h. An amount for return and contingencies.

10.1.3 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a Customer.

a. The period on which the termination liability is based is the estimated service life of the facilities provided.

b. The amount of the maximum termination liability is equal to the estimated amounts (including return) for:

10 - SPECIAL ARRANGEMENTS (Cont'd)

10.1 SPECIAL CONSTRUCTION (Cont'd)

10.1.3 Termination Liability (Cont'd)

b. (Cont'd)

(1) Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:

(a) equipment and materials provided or used;
(b) engineering, labor, and supervision;
(c) transportation; and
(d) rights of way and/or any required easements;

(2) license preparation, processing, and related fees;

(3) tariff preparation, processing and related fees;

(4) cost of removal and restoration, where appropriate; and

(5) any other identifiable costs related to the specially constructed or rearranged facilities.

c. The termination liability method for calculating the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 10.1.3.b. preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 10.1.3.b. preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

10 - SPECIAL ARRANGEMENTS (Cont'd)

10.2 NON-ROUTINE INSTALLATION AND/OR MAINTENANCE

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours, or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material, and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

10.3 INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

Rates for ICB arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer for service which vary from tariffed arrangements. Rates quoted in response to such requests may be different for tariffed service than those specified for such service in this Tariff. ICB rates will be offered to Customers in writing and will be made available to similarly situated Customers. A summary of each ICB contract pricing arrangement offered pursuant to this paragraph will be filed as an addendum to this Tariff within 30 days after the contract is signed by both the Company and the Customer. The following information will be included in the summary:

(1) LATA and type of switch
(2) The V&H distance from the central office to the Customer's premises
(3) Service description
(4) Rates and charges
(5) Quantity of circuits
(6) Length of the agreement.

10 - SPECIAL ARRANGEMENTS (Cont'd)

10.4 MUTUAL COMPENSATION

Mutual compensation arrangements address the transport and termination of Local Traffic between local exchange providers serving the same local calling area. Such payments compensate a local exchange provider for the costs of terminating local calls placed by one provider's Customer to a recipient served by a different local provider. For any carrier for which no interconnection or traffic transfer agreement exists, the mutual compensation rates will be as described in Section 13 of this Tariff. The mutual compensation rates set forth in Section 13 of this Tariff are not applicable to Switched Exchange Access Service. All Switched Exchange Access Service and all Toll Traffic shall continue to be governed by the terms and conditions of the applicable federal and state Tariffs.

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DIRECTORY

11 - DIRECTORY

11.1 ALPHABETICAL DIRECTORY

11.1.1 Main Listings

a. The Company contracts with an outside provider, which may be the Incumbent Local Exchange Carrier, for directory listings. All references to the directory of the Company will mean the directory published by the outside provider.

b. The term “listing” refers to the information in light face type in the alphabetical directory and the Directory Assistance Records of the Company.

c. Listings provided without charge are as follows:

1. One listing for each individual line. Where individual lines are grouped for incoming service, only one listing will be provided for each such group.

2. One listing for each PBX or interconnecting system.

d. The name listed in the directory has no bearing on who is responsible for payment of the account associated with the number being listed.

11 - DIRECTORY (Cont'd)

11.1 ALPHABETICAL DIRECTORY (Cont'd)

11.1.2 Composition of Listings

a. Listings are limited to information essential to the identification of the listed party.

b. Addresses

1. Each listing normally includes the number and street name location where the telephone service is furnished. The name of a building may be shown in case of buildings commonly known by name.

2. Upon Customer request, the address may be omitted, a post office box number may be shown, or a partial address (omitting number) may be shown. In directories where locality names are normally part of the address, a partial address consisting of the name of a locality may be shown.

c. The Customer may request a main listing different from the billing name and address of the service. All such requests will be honored to the extent possible under the terms of the contract described in 11.1.1.a above.

11.1.3 Types of Listings

In addition to the main listing as described above, the following options are available for an additional charge.

11 - DIRECTORY (Cont'd)

11.1 ALPHABETICAL DIRECTORY (Cont'd)

11.1.3 Types of Listings (Cont'd)

a. Indented Listings

An indented listing is indented under a standard listing or under a caption, and may not include more than a designation, address, and telephone number. A caption consists of a name, and may include a designation, but not a telephone number. An address may be included only if all of the services listed under the caption are located at the same address. When the same designation is appropriate for two or more indented listings, it may be shown as a sub-caption. Indented listings are permissible when a Customer is entitled to two or more listings of the same name with different addresses or different telephone numbers.

b. Duplicate Listings

Any listing may be duplicated in a different directory (where offered) or under a separate geographical heading in the same directory. Such listing may be duplicated in indented form.

c. Reference Listing

A Customer with a listing in a different geographic heading may have an indented listing in reference form ("See . . . .") in lieu of a duplicate listing.

d. Cross Reference Listing

A Customer may have a related listing in the same alphabetic group listing when required for identification of the listed party and not designated for advertising purposes.

11 - DIRECTORY (Cont'd)

11.1 ALPHABETICAL DIRECTORY (Cont'd)

11.1.3 Types of Listings (Cont'd)

e. Alternate Telephone Number Listings

Any listed party who has made arrangements for receiving calls at a different telephone number during an absence or at night may have the alternate numbers listed in the directory. Such listings may be furnished as an indented listing or as a sub-caption.

f. Semi-Private Listing

At the request of the Customer, the telephone number is omitted from the Company's alphabetical directory and designated as a "non listed" telephone number and the telephone number is included in the Directory Assistance records available to the general public. In addition, the telephone number is displayed for 911 and E911 emergency service and provided when a law enforcement agency requests it in writing.

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11 - DIRECTORY (Cont'd)

11.1 ALPHABETICAL DIRECTORY (Cont'd)

11.1.4 Non-Published Service

a. General

The telephone numbers of non-published service are not listed in either the Company's alphabetical directory or Directory Assistance records available to the general public. However, where a government agency subscribes to Universal Emergency Telephone Number Service (911) or Enhanced Universal Emergency Telephone Service (E911), the telephone number, name, and address of a Customer with non-published service will be displayed when the Customer dials 911 and is connected to a Public Safety Answering Point (PSAP) for dispatch of emergency service. In addition, the Company will provide a Customer's non-published number when a law enforcement agency requests it in writing.

b. Regulations

1. Except as otherwise provided in this paragraph, incoming calls to non-published service will be completed only when the calling party places the call by number. In claims of emergencies involving life and death, the operator will call the non-published number and request permission to make an immediate connection to the calling party. If the connection is refused, the calling party will be advised.

2. The acceptance by the Company of the Customer's request to refrain from publishing his or her telephone number in the Directory does not create any relationship or obligation, direct or indirect, to any person other than the Customer.

11 - DIRECTORY (Cont'd)

11.1 ALPHABETICAL DIRECTORY (Cont'd)

11.1.4 Non-Published Service (Cont'd)

b. Regulations (Cont'd)

3. In the absence of gross negligence or willful misconduct, no liability for damages arising from publishing the telephone number of non-published service in the directory or disclosing said number to any person shall attach to the Company, and where such a number is published in the directory, the Company's liability shall be limited to and satisfied by a refund of any monthly charges which the Company may have made for such non-published service.

4. The Customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused, directly, by the publication of the number of a non-published service or the disclosing of said number to any person.

11 - DIRECTORY (Cont'd)

11.2 DIRECTORY INFORMATION REQUESTS

Requests for directory information are provided by dialing Directory Assistance (See Section 5.7 of this Tariff). Information will not be issued by the Company outside of normal directory assistance procedures unless the request the request is made by an emergency agency. Directory information will only be provided to emergency agencies after a formal request is presented to the Company in writing. The requesting agency must agree to pay for the costs incurred by the Company in providing the information, and must certify that the information will be used only for the purpose of providing its services to the community.

11.3 LIABILITY OF THE COMPANY FOR ERRORS

11.3.1 General

In the absence of gross negligence or willful misconduct, and except for the allowances stated elsewhere in this Tariff, no liability for any damage of any nature whatsoever arising from errors in directory listings or errors in listings obtainable from the Directory Assistance operator, including errors in reporting thereof, shall attach to the Company. A listing is considered in error only when it shows the Customer on the wrong street, or in the wrong community. The Customer must notify the Company of an error.

11.3.2 Allowance for Errors

An allowance for errors in published directory listings or for errors in listings obtainable from the Directory Assistance operator shall be given as follows:

11 - DIRECTORY (Cont'd)

11.3 LIABILITY OF THE COMPANY FOR ERRORS (Cont'd)

11.3.2 Allowance for Errors (Cont'd)

a. Free Listings

For Free or non-charge published directory listings, credit shall be given at the rate of two times the monthly rate for an additional or charge listing affected, for each month of the life of the directory or the charge period during which the error occurs. The Company may issue the credit in a lump sum if it chooses to do so.

b. Charge Listings

For each additional or charge published directory listing, credit shall be given at the monthly tariff rate for each individual line affected, for each month of the life of the directory or the charge period during which the error occurs.

c. Operator Records

For free or charge listings obtainable from records used by the Directory Assistance operator, upon notification to the Company of the error in such records by the Customer, the Company shall be allowed a period of three business days to make the correction. If the correction is not made in that time for reasons within the control of the Company, credit shall be given at the rate of two-thirtieths (2/30ths) of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected.

The total amount of any credit shall not exceed, on a monthly basis, the total of the charges for each listing plus the basis monthly rate for the line(s) in question. No allowance will be provided for errors caused by other carriers or operator service providers.

SERVICE AREAS

12 - SERVICE AREAS/EXCHANGED/LOCAL CALLING AREAS

12.1 Service Area: The Company initially adopts exchange maps and legal descriptions filed with the Commission by US West Communications, Inc.

<u>RATES & CHARGES</u> (INITIAL)

13 - RATES & CHARGES **(INTIAL)**

13.1 CONNECTION CHARGES

13.1.1 Service Order Charge:

	Business	Residence
First	$68.00	$32.80
Additional	$25.60	$11.20

13.1.2 Premises Visit Charge:

	Business	Residence
First (per 15 min. increment)	$18.40	$18.40
Add'l. (per 15 min. increment)	$ 8.00	$ 8.00

13.2 RESTORAL CHARGE

	Business	Residence
First	$36.80	$20.00
Additional	$ 8.00	$ 8.00

13.3 MOVES, ADDS AND CHANGES

	Move	Add	Change
Residence Charge per order:			
First	$20.00	$13.60	$20.00
Additional	$ 8.00	$13.60	$ 8.00
Business Charge per order:			
First	$36.80	$20.80	$36.80
Additional	$ 8.00	$20.80	$ 8.00

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.4 RECORD ORDER CHARGE

	Business	Residence
First	$68.00	$32.80
Additional	$25.60	$11.20

13.5 CHARGES ASSOCIATED WITH PREMISES VISIT

13.5.1 Inside Wire Maintenance and Installation

	First	Additional
Inside Wire Installation Charge		
Per Premises Visit Business: (per 15 min. increment)	$33.30	$33.30
Per Premises Visit Residence: (per 15 min. increment)	$NOC	$NOC
Inside Wire Maintenance Charge		
Per Premises Visit Business: (per 15 min. increment)	$33.30	$33.30
Per Premises Visit Residence: (per 15 min. increment)	$NOC	$NOC

13.6 INTRALATA TOLL DIALING PARITY- (PIC) CHANGE CHARGE

13.6.1 PIC Change Charge

	Business	Residence
Charge:	$5.00	$NOC

13.6.2 Unauthorized PIC Change Charge

	Business	Residence
Charge:	$30.00	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.7 PAY TELEPHONE SERVICE

Available Features

Feature	Monthly	Nonrecurring
Inbound Call Operator Screening	$0.00	$0.00
Outbound Call Operator Screening	$0.00	$0.00
900/976 Block	$0.00	$0.00
International Call Block	$0.00	$0.00
Answer Supervision	$0.00	$0.00
1+ Block	$0.00	$0.00
Block on Caller ID	$0.00	$0.00
Block on Phone Smart Features	$0.00	$0.00
PIC Freeze	$0.00	$0.00
NXX Blocking	$ICB	$ICB

LOCAL CALLS	Initial 3 Minutes	Additional 3 Minutes
Local	$0.35	$0.35
Local (number not recognized)	$0.35	$0.35

Pay Telephone Surcharge: $0.24

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.7 PAY TELEPHONE SERVICE (Cont'd)

Available Features (Cont'd)

INTRALATA TOLL CALLS

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
	Initial	Add'l	Initial	Add'l	Initial	Add'l
Mileage	Minute	Minute	Minute	Minute	Minute	Minute
0 - 10	$0.1600	$0.0800	$0.1200	$0.0500	$0.0700	$0.0300
11 - 16	$0.1800	$0.1000	$0.1500	$0.0700	$0.0900	$0.0500
17 - 22	$0.2000	$0.1100	$0.1700	$0.0800	$0.1000	$0.0600
23 - 30	$0.2200	$0.1400	$0.1900	$0.1000	$0.1200	$0.0700
31 - 40	$0.2600	$0.1600	$0.1400	$0.1300	$0.1300	$0.0800
41 - 55	$0.2700	$0.1600	$0.1400	$0.1300	$0.1400	$0.0900
56 - 70	$0.2700	$0.1600	$0.1400	$0.1300	$0.1400	$0.0900
71+	$0.2700	$0.1600	$0.2100	$0.1300	$0.1400	$0.0900

DAY 8AM-5PM MONDAY -FRIDAY*

EVENING 5PM-11PM MONDAY-FRIDAY*
5PM-11PM SUNDAY*
8AM-11PM WEEKDAY HOLIDAYS (Christmas, New Years, Thanksgiving, Independence, and Labor Days)

NIGHT & WEEKEND ALL DAY SATURDAY
8AM-5PM SUNDAY
11PM-8AM EVERY DAY*

*The time shown indicates the termination of one rate application period and the beginning of the next. Calls connected at exactly the time shown are considered in the next time period.

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES

13.8.1 Custom Calling Service

		Nonrecurring	
	Monthly	First	Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$2.93	$20.80	$20.80
Call Forwarding Variable	$2.93	$20.80	$20.80
Call Forwarding Busy Line	$2.60	$20.80	$20.80
Call Forwarding Don't Answer	$2.60	$20.80	$20.80
Call Waiting Terminating	$2.93	$20.80	$20.80
Call Waiting Originating	$2.93	$20.80	$20.80
Speed Calling One Digit	$2.93	$20.80	$20.80
Speed Calling Two Digit	$3.76	$20.80	$20.80
Distinctive Ringing	$5.56	$20.80	$20.80
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$16.80	$20.80	$20.80
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES

13.8.2 Lass Services

		Nonrecurring	
	Monthly	First	Add'l.
LASS Features Line Charge:			
Call ID	$6.00	$20.80	$20.80
Block Call ID	$0.00	$ 0.00	$ 0.00
Auto Callback	$3.60	$20.80	$20.80
Auto Recall	$3.60	$20.80	$20.80
Call Trace	$4.00	$20.80	$20.80
Selective Call Acceptance	$3.60	$20.80	$20.80
Selective Call Forwarding	$3.60	$20.80	$20.80
Selective Call Rejection	$3.60	$20.80	$20.80
LASS Features Usage Charge:			
Call ID	$NOC	$NOC	$NOC
Block Call ID	$0.00	$ 0.00	$0.00
Auto Callback	$0.60	$ 0.00	$0.00
Auto Recall	$0.60	$ 0.00	$0.00
Call Trace	$NOC	$NOC	$NOC
Selective Call Acceptance	$NOC	$NOC	$NOC
Selective Call Forwarding	$NOC	$NOC	$NOC
Selective Call Rejection	$NOC	$NOC	$NOC

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES (Cont'd)

13.8.3 Centrex-type Service

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$4.00	$0.00	$0.00
Call Forwarding Variable	$4.00	$0.00	$0.00
Call Forwarding Busy Line	$1.60	$0.00	$0.00
Call Forwarding Don't Answer	$1.60	$0.00	$0.00
Call Waiting Terminating	$4.00	$0.00	$0.00
Call Waiting Originating	$4.00	$0.00	$0.00
Speed Calling One Digit	$4.00	$0.00	$0.00
Speed Calling Two Digit	$5.20	$0.00	$0.00
Distinctive Ringing	$6.50	$0.00	$0.00
HUNT GROUP CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES (Cont'd)

13.8.3 Centrex-type Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
ADVANCE FEATURES LINE CHARGE			
Voice Messaging	$NOC	$NOC	$NOC
6 way Conference Per Line	$22.96	$24.00	$24.00

13.8.4 Busy Verification And Interrupt Service

Verification Charge, each request	$ 2.00
Interrupt Charge, each request	$ 4.00

13.8.5 Directory Assistance Service

The directory assistance charge applies after the call allowance of two calls per line.

Local, per request	$ 0.40
Interstate, per request	$ 0.40

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES (Cont'd)

13.8.6 Local Operator Service

Operator Station to Station	$0.75
Person to Person	$3.13
3rd Number Billed	$1.83
Collect Calls	$1.83
All other Operator Service	$1.83

13.8.7 Stand Alone Voice Mail Service

A. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply per main billing account as described in Section 3 of this Tariff. Service is offered on a month to month basis.

Per Individual Mail Address:

	Residence	Business
Nonrecurring Charge	$NOC	$NOC
Recurring Charges:		
- Month to Month	$NOC	$NOC

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES (Cont'd)

13.8.8 Blocking Service

	Nonrecurring Charge
900 and 700 Blocking	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
900, 971, 974, and 700 Blocking	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Third Number Billed and Collect Call Restriction	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Toll Restriction	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Toll Restriction Plus	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Direct Inward Dialing Blocking (Third Party and Collect Call)	
- Initial Activation	$NOC
- Subsequent Activation (per line)	$NOC

Pricing for Blocking Service for a business Customer with more than 200 lines will be based on the costs incurred by Company to provide the service.

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.8 SUPPLEMENTAL SERVICES (Cont'd)

13.8.9 Customized Number Service

	Nonrecurring Charge
Set-up Charges	
Residential Customer	$0.00
Business Customer	$0.00

13.8.10 Remote Call Forwarding Service

		Nonrecurring	
	Monthly	First	Add'l.
Terminating	$NOC	$NOC	$NOC
Terminating Paths	$NOC	$NOC	$NOC
Originating	$NOC	$NOC	$NOC
Originating Paths	$NOC	$NOC	$NOC

13.8.11 Calling Card Services

Per Call Surcharge: $.80

	Per Minute Rate
Day	$.192
Evening	$.192
Night/ Weekend	$.192

13.8.12 Prepaid Debit Card Services

Per Call Surcharge: $.80

	Per Minute Rate
Day	$.192
Evening	$.192
Night/ Weekend	$.192

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.9 RESIDENTIAL NETWORK SWITCHED SERVICES

13.9.1 Message Rate Residence Line Service

	Monthly	Nonrecurring First	Nonrecurring Add'.l
Monthly Recurring Charges:(Flat Rate)			
- Each Base Service Line	$NOC	$NOC	$NOC
- Voice Mail Option, per line	$NOC	$NOC	$NOC
- EUCL Residential/One Line Business	$NOC	$NOC	$NOC
Remote Call Forwarding(Flat Rate)			
Terminating	$NOC	$NOC	$NOC
Terminating Paths	$NOC	$NOC	$NOC
Originating	$NOC	$NOC	$NOC
Originating Paths	$NOC	$NOC	$NOC
Custom Calling Features:			
Three-Way Conference, Consultation, Transfer	$NOC	$NOC	$NOC
Call Forwarding Variable	$NOC	$NOC	$NOC
Call Forwarding Busy Line	$NOC	$NOC	$NOC
Call Forwarding Don't Answer	$NOC	$NOC	$NOC
Call Waiting Terminating	$NOC	$NOC	$NOC
Call Waiting Originating	$NOC	$NOC	$NOC
Speed Calling One Digit	$NOC	$NOC	$NOC
Speed Calling Two Digit	$NOC	$NOC	$NOC
Distinctive Ringing	$NOC	$NOC	$NOC
Tiered Features:			
Any 3 Standard Features	$NOC	$NOC	$NOC
Any 4 Standard Features	$NOC	$NOC	$NOC
Any 5 Standard Features	$NOC	$NOC	$NOC
Any 6 Standard Features	$NOC	$NOC	$NOC

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.9 RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

13.9.1 Message Rate Residence Line Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
ADVANCED FEATURES LINE CHARGE			
Voice Messaging	$NOC	$NOC	$NOC
6-Way Conference Per Line	$NOC	$NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.9 RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

13.9.2 Integrated Services Digital Network-basic Rate Interface (ISDN-BRI)

		Nonrecurring	
	Monthly	First	Add'l.
Basic Rate Digital Line	$NOC	$NOC	$NOC
B Channels (up to 2)			
Switched Voice/Data Message Rate	$NOC	$NOC	$NOC
Switched Voice/Data Flat Rate	$NOC	$NOC	$NOC
High Speed Packet Switched	$NOC	$NOC	$NOC
D Channel (1 required)	$NOC	$NOC	$NOC
Each Additional Multipoint Terminal (Shared D)	$NOC	$NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES

13.10.1 Basic Business Line Service

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Monthly Recurring Charges:(Measured Rate)			
- Measured Rate Basic Business Line Service	$NOC	$NOC	$NOC
- EUCL Multiline Business	$NOC	$NOC	$NOC
Custom Calling Features:			
Three-Way Conference, Consultation, Transfer	$2.93	$20.80	$20.80
Call Forwarding Variable	$2.93	$20.80	$20.80
Call Forwarding Busy Line	$2.60	$20.80	$20.80
Call Forwarding Don't Answer	$2.60	$20.80	$20.80
Call Waiting Terminating	$2.93	$20.80	$20.80
Call Waiting Originating	$2.93	$20.80	$20.80
Speed Calling One Digit	$2.93	$20.80	$20.80
Speed Calling Two Digit	$3.76	$20.80	$20.80
Distinctive Ringing	$5.56	$20.80	$20.80
Tiered Features:			
Any 3 Standard Features	$7.10	$20.80	$20.80
Any 4 Standard Features	$9.19	$20.80	$20.80
Any 5 Standard Features	$NOC	$NOC	$NOC
Any 6 Standard Features	$NOC	$NOC	$NOC
Any 7 Standard Features	$NOC	$NOC	$NOC
Any 8 Standard Features	$NOC	$NOC	$NOC
Any 9 Standard Features	$NOC	$NOC	$NOC
Any 10 Standard Features	$NOC	$NOC	$NOC

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.1 Basic Business Line Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Remote Call Forwarding:(Measured Rate)			
- Terminating	$NOC	$NOC	$NOC
- Terminating Paths	$NOC	$NOC	$NOC
- Originating	$NOC	$NOC	$NOC
- Originating Paths	$NOC	$NOC	$NOC
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$16.80	$ 20.80	$20.80
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
ADVANCED FEATURES LINE CHARGE			
Voice Messaging	$32.00	$ 20.00	$ 20.00
Basic Voice Mail Pkg	$ 7.50	$ 19.95	$ 19.95
Enhanced Voice Mail Pkg	$12.50	$ 19.95	$ 19.95
Submailbox Option	$ 3.00	$ 0.00	$ 0.00
Pager Notification Option	$ 2.00	$ 0.00	$ 0.00
Fax Mail Option	$ 2.00	$ 0.00	$ 0.00
Auto Attendant (Per Menu)	$40.00	$250.00	$250.00
6-Way Conference Per Line	$NOC	$NOC	$NOC

13.10.2 Public Access Line Service

Service Descriptions and Rates

	Recurring Charges - Term Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	Nonrecurring First	Nonrecurring Add'l.
Public Access Line	$ 13.30	$ NOC	$ NOC	$ NOC	$NOC	$ 48.75	$ 48.75

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.3 PBX Trunk Service

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Numbers			
Each Group of 20 numbers	$ 2.84	$44.00	$44.00
Each Group of 100 numbers	$14.20	$44.00	$44.00
PBX Trunks (Measured Rate)			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC
ANALOG PBX TRUNKS (Measured Rate)			
DID Service	$34.52	$120.00	$ 0.00
DOD Service	$10.95	$ 61.66	$ 0.00
Two-Way Service	$ NOC	$ NOC	$NOC
DID/DOD Combination Service	$34.52	$120.00	$ 0.00
Each DID Trunk Group	$ 0.00	$100.00	$ 0.00
Each DOD Trunk Group	$ NOC	$ NOC	$NOC
Two-Way Trunk Group	$ NOC	$ NOC	$NOC
DID/DOD Combination Trunk	$ NOC	$ NOC	$NOC
Voice Mail Option, per line	$ NOC	$ NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.3 PBX Trunk Service (Cont'd)

		Nonrecurring	
	Monthly	First	Add'l.
FLAT RATE PBX TRUNKS			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC
FLAT RATE ANALOG PBX TRUNKS			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.3 PBX Trunk Service (Cont'd)

		Nonrecurring	
	Monthly	First	Add'l.
Charges on All Trunks			
EUCL - Multiline Business	$NOC	$NOC	$NOC
EUCL - Residential/One Line Business	$NOC	$NOC	$NOC
Remote Call Forwarding			
terminating	$NOC	$NOC	$NOC
terminating paths	$NOC	$NOC	$NOC
originating	$NOC	$NOC	$NOC
originating paths	$NOC	$NOC	$NOC
Sequential Hunting	$16.80	$20.80	$20.80
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC

DS1 PBX Trunk Service

Where appropriate facilities do not exist, Special Construction charges will also apply.

						Nonrecurring	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
Measured Rate							
Facility	$0.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DID)	$456.58	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DOD)	$149.57	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Flat Rate							
Facility	$0.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DID)	$649.15	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DOD)	$342.14	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.5 Integrated Services Digital Network-primary Rate Interface (ISDN-PRI)

Where appropriate facilities do not exist, Special Construction charges will also apply.

	Recurring Charges - Term					Nonrecurring Charges	
ISDN-PRI:	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
PRI System Termination	$120.00	$NOC	$NOC	$NOC	$NOC	$560.00	$560.00
Primary Rate Interface, first	$280.00	$NOC	$NOC	$NOC	$NOC	$560.00	$560.00
Call by Call Service per PRI	$ 60.00	$NOC	$NOC	$NOC	$NOC	$ 80.00	$ 80.00
PRI B Channel Message Rate	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
PRI B Channel Flat Rate	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
PRI D Channel Message Rate	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
PRI D Channel Flat Rate	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
Basic Rate Digital Line	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
B Channels (Up to 2):	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
Switched Voice/Data Message Rate	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
Switched Voice/Data Flat Rate	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
High Speed Packet Switched Service	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
D Channel (1 Required):	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Each Additional Multipoint Terminal (Shared D)	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
EUCL Per BRI Digital Line	$6.07	$6.07	$6.07	$6.07	$6.07	$ 0.00	$ 0.00

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.6 Centrex-type Service

	Recurring Charges - Term					Nonrecurring Charges	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
CENTREX-type Common Equipment	$21.32	$NOC	$NOC	$NOC	$NOC	$240.00	$240.00
Message Rate Line Charge	$12.80	$NOC	$11.96	$11.88	$11.84	$ 36.00	$ 36.00
Flat Rate Line Charge	$16.24	$NOC	$15.40	$15.32	$15.28	$ 36.00	$ 36.00

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.6 Centrex-type Service (Cont'd)

		Nonrecurring	
	Monthly	First	Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$4.00	$0.00	$0.00
Call Forwarding Variable	$4.00	$0.00	$0.00
Call Forwarding Busy Line	$1.60	$0.00	$0.00
Call Forwarding Don't Answer	$1.60	$0.00	$0.00
Call Waiting Terminating	$4.00	$0.00	$0.00
Call Waiting Originating	$4.00	$0.00	$0.00
Speed Calling One Digit	$4.00	$0.00	$0.00
Speed Calling Two Digit	$5.20	$0.00	$0.00
Distinctive Ringing	$6.50	$0.00	$0.00
HUNT GROUP CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.6 Centrex-type Service (Cont'd)

ADVANCE FEATURES LINE CHARGE

	Recurring Charges – Term					Nonrecurring Charges	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
Voice Messaging							
Basic Voice Mail Pkg	$ 7.50	$NOC	$NOC	$NOC	$NOC	$ 19.95	$ 19.95
Enhanced Voice Mail Pkg	$12.50	$NOC	$NOC	$NOC	$NOC	$ 19.95	$ 19.95
Submailbox Option	$ 3.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Pager Notification Option	$ 2.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Fax Mail Option	$ 2.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Auto Attendant (Per Menu)	$40.00	$NOC	$NOC	$NOC	$NOC	$250.00	$250.00
6 way Conference Per Line	$22.96	$NOC	$NOC	$NOC	$NOC	$ 24.00	$ 24.00

		Nonrecurring	
	Monthly	First	Add'l.
LASS Features Line Charge:			
Call ID	$6.80	$ 8.00	$ 8.00
Block Call ID	$0.00	$16.00	$16.00
Auto Callback	$3.20	$ 0.00	$ 0.00
Auto Recall	$2.40	$ 0.00	$ 0.00
Call Trace	$0.00	$ 0.00	$ 0.00
Selective Call Acceptance	$2.20	$ 0.00	$ 0.00
Selective Call Forwarding	$2.80	$ 0.00	$ 0.00
Selective Call Rejection	$4.00	$ 0.00	$ 0.00

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.6 Centrex-type Service (Cont'd)

LASS Features Usage Charge:

Call ID	$0.00	$0.00	$0.00
Block Call ID	$0.00	$0.00	$0.00
Auto Callback	$0.60	$0.00	$0.00
Auto Recall	$0.40	$0.00	$0.00
Call Trace	$0.80	$0.00	$0.00
Selective Call Acceptance	$0.40	$0.00	$0.00
Selective Call Forwarding	$0.40	$0.00	$0.00
Selective Call Rejection	$0.40	$0.00	$0.00

Integrated Services Digital Network-Basic Rate Interface (ISDN-BRI)

ISDN-BRI Line	$21.00	$37.60	$37.60
BRI B Channel Message Rate	$ 6.96	$11.20	$11.20
BRI B Channel Flat Rate	$10.40	$11.20	$11.20
BRI D Channel	$ 0.00	$ 0.00	$ 0.00
BRI Multipoint Terminal	$ NOC	$ NOC	$ NOC

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

13.10.7 Alternate Telephone Number Listings

		Nonrecurring	
	Monthly	First	Add'l.
Non-Published Listing			
Business	$2.09	$0.00	$0.00
Residence	$2.09	$0.00	$0.00
Semi-Private Listing			
Business	$1.09	$0.00	$0.00
Residence	$1.09	$0.00	$0.00
Additional Listing			
Business	$1.30	$0.00	$0.00
Residence	$1.30	$0.00	$0.00

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13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13. 11 INTRALATA TOLL USAGE AND MILEAGE CHARGES

13.11.1 Usage Charges:

a. Business Two-Point Message Toll Service

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
Mileage	Initial Minute	Additional Minute	Initial Minute	Additional Minute	Initial Minute	Additional Minute
0 - 10	$0.1120	$0.0720	$0.0784	$0.0504	$0.0560	$0.0360
11 - 16	$0.1920	$0.1520	$0.1344	$0.1064	$0.0960	$0.0760
17 - 22	$0.2000	$0.1920	$0.1400	$0.1344	$0.1000	$0.0960
23 - 30	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000
31 - 40	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000
41 - 55	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000
56 - 70	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000
71 - 124	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000
125 - 196	$0.2000	$0.2000	$0.1400	$0.1400	$0.1000	$0.1000

DAY	8AM-5PM MONDAY -FRIDAY*
EVENING	5PM-11PM MONDAY-FRIDAY* 5PM-11PM SUNDAY* All day Christmas, New Years, Thanksgiving, Independence and Labor Days
NIGHT & WEEKEND	8AM SATURDAY - 5PM SUNDAY* 11PM-8AM EVERY DAY*

* The time shown indicates the termination of one rate application period and the beginning of the next. Calls connected at exactly the time shown are considered in the next time period.

13 - RATES & CHARGES **(INTIAL)** (Cont'd)

13.11 INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

13.11.1 Usage Charges: (Cont'd)

b. Residence Two-Point Message Toll Service

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
	Initial	Add'l	Initial	Add'l	Initial	Add'l
Mileage	Minute	Minute	Minute	Minute	Minute	Minute
0 - 10	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
11 - 16	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
17 - 22	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
23 - 30	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
31 - 40	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
41 - 55	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
56 - 70	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
71 - 124	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
125 - 196	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC

13.12 MUTUAL COMPENSATION

Tandem	Direct
$ 0.004300	$ 0.002090

RATES AND CHARGES (MAXIMUM)

14 - RATES & CHARGE **(MAXIMUM)**

14.1 CONNECTION CHARGES

14.1.1 Service Order Charge:

	Business	Residence
First	$120.00	$65.00
Additional	$50.00	$25.00

14.1.2 Premises Visit Charge:

	Business	Residence
First (per 15 min. increment)	$36.00	$36.00
Add'l. (per 15 min. increment)	$16.00	$ 16.00

14.2 RESTORAL CHARGE

	Business	Residence
First	$72.00	$40.00
Additional	$16.00	$16.00

14.3 MOVES, ADDS AND CHANGES

	Move	Add	Change
Residence Charge per order:			
First	$40.00	$26.00	$40.00
Additional	$16.00	$26.00	$16.00
Business Charge per order:			
First	$72.00	$40.00	$72.00
Additional	$16.00	$40.00	$16.00

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14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.4 RECORD ORDER CHARGE

	Business	Residence
First	$120.00	$65.00
Additional	$50.00	$25.00

14.5 CHARGES ASSOCIATED WITH PREMISES VISIT

14.5.1 Inside Wire Maintenance and Installation

	First	Additional
Inside Wire Installation Charge		
Per Premises Visit Business: (per 15 min. increment)	$65.00	$65.00
Per Premises Visit Residence: (per 15 min. increment)	$NOC	$NOC
Inside Wire Maintenance Charge		
Per Premises Visit Business: (per 15 min. increment)	$65.00	$65.00
Per Premises Visit Residence: (per 15 min. increment)	$NOC	$NOC

14.6 INTRALATA TOLL DIALING PARITY- (PIC) CHANGE CHARGE

14.6.1 PIC Change Charge

	Business	Residence
Charge:	$10.00	$NOC

14.6.2 Unauthorized PIC Change Charge

	Business	Residence
Charge:	$60.00	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.7 PAY TELEPHONE SERVICE

Available Features

Feature	Monthly	Nonrecurring
Inbound Call Operator Screening	$0.00	$0.00
Outbound Call Operator Screening	$0.00	$0.00
900/976 Block	$0.00	$0.00
International Call Block	$0.00	$0.00
Answer Supervision	$0.00	$0.00
1+ Block	$0.00	$0.00
Block on Caller ID	$0.00	$0.00
Block on Phone Smart Features	$0.00	$0.00
PIC Freeze	$0.00	$0.00
NXX Blocking	$ICB	$ICB

LOCAL CALLS	Initial 3 Minutes	Additional 3 Minutes
Local	$0.70	$0.70
Local (number not recognized)	$0.70	$0.70

Pay Telephone Surcharge: $0.75

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.7 PAY TELEPHONE SERVICE (Cont'd)

Available Features (Cont'd)

INTRALATA TOLL CALLS

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
Mileage	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute
0 - 10	$0.3200	$0.1600	$0.2400	$0.1000	$0.1400	$0.0600
11 - 16	$0.3600	$0.2000	$0.3000	$0.1400	$0.1800	$0.1000
17 - 22	$0.4000	$0.2200	$0.3400	$0.1600	$0.2000	$0.1200
23 - 30	$0.4400	$0.2800	$0.3800	$0.2000	$0.2400	$0.1400
31 - 40	$0.5200	$0.3200	$0.2800	$0.2600	$0.2600	$0.1600
41 - 55	$0.5400	$0.3200	$0.2800	$0.2600	$0.2800	$0.1800
56 - 70	$0.5400	$0.3200	$0.2800	$0.2600	$0.2800	$0.1800
71+	$0.5400	$0.3200	$0.4200	$0.2600	$0.2800	$0.1800

DAY	8AM-5PM MONDAY -FRIDAY*	
EVENING	5PM-11PM MONDAY-FRIDAY* 5PM-11PM SUNDAY* 8AM-11PM WEEKDAY HOLIDAYS	 (Christmas, New Years, Thanksgiving, Independence, and Labor Days)
NIGHT & WEEKEND	ALL DAY SATURDAY 8AM-5PM SUNDAY 11PM-8AM EVERY DAY*	

*The time shown indicates the termination of one rate application period and the beginning of the next. Calls connected at exactly the time shown are considered in the next time period.

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.8 SUPPLEMENTAL SERVICES

14.8.1 Custom Calling Service

		Nonrecurring	
	Monthly	First	Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$6.00	$41.00	$41.00
Call Forwarding Variable	$6.00	$41.00	$41.00
Call Forwarding Busy Line	$6.00	$41.00	$41.00
Call Forwarding Don't Answer	$6.00	$41.00	$41.00
Call Waiting Terminating	$6.00	$41.00	$41.00
Call Waiting Originating	$6.00	$41.00	$41.00
Speed Calling One Digit	$6.00	$41.00	$41.00
Speed Calling Two Digit	$8.00	$41.00	$41.00
Distinctive Ringing	$12.00	$41.00	$41.00
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$33.00	$41.00	$41.00
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.8 SUPPLEMENTAL SERVICES

14.8.2 Lass Services

	Monthly	Nonrecurring First	Nonrecurring Add'l.
LASS Features Line Charge:			
Call ID	$12.00	$41.00	$41.00
Block Call ID	$0.00	$ 0.00	$ 0.00
Auto Callback	$8.00	$41.00	$41.00
Auto Recall	$8.00	$41.00	$41.00
Call Trace	$8.00	$41.00	$41.00
Selective Call Acceptance	$8.00	$41.00	$41.00
Selective Call Forwarding	$8.00	$41.00	$41.00
Selective Call Rejection	$8.00	$41.00	$41.00
LASS Features Usage Charge:			
Call ID	$NOC	$NOC	$NOC
Block Call ID	$0.00	$ 0.00	$0.00
Auto Callback	$0.60	$ 0.00	$0.00
Auto Recall	$0.60	$ 0.00	$0.00
Call Trace	$NOC	$NOC	$NOC
Selective Call Acceptance	$NOC	$NOC	$NOC
Selective Call Forwarding	$NOC	$NOC	$NOC
Selective Call Rejection	$NOC	$NOC	$NOC

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14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.8 SUPPLEMENTAL SERVICES (Cont'd)

14.8.3 Centrex-type Service

		Nonrecurring	
	Monthly	First	Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$8.00	$0.00	$0.00
Call Forwarding Variable	$8.00	$0.00	$0.00
Call Forwarding Busy Line	$4.00	$0.00	$0.00
Call Forwarding Don't Answer	$4.00	$0.00	$0.00
Call Waiting Terminating	$8.00	$0.00	$0.00
Call Waiting Originating	$8.00	$0.00	$0.00
Speed Calling One Digit	$8.00	$0.00	$0.00
Speed Calling Two Digit	$11.00	$0.00	$0.00
Distinctive Ringing	$13.00	$0.00	$0.00
HUNT GROUP CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.8 SUPPLEMENTAL SERVICES (Cont'd)

14.8.3 Centrex-type Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
ADVANCE FEATURES LINE CHARGE			
Voice Messaging	$NOC	$NOC	$NOC
6 way Conference Per Line	$45.00	$50.00	$50.00

14.8.4 Busy Verification And Interrupt Service

Verification Charge, each request	$ 4.00
Interrupt Charge, each request	$ 8.00

14.8.5 Directory Assistance Service

The directory assistance charge applies after the call allowance of two calls per line.

Local, per request	$ 1.00
Interstate, per request	$ 1.00

14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.8 SUPPLEMENTAL SERVICES (Cont'd)

14.8.6 Local Operator Service

Operator Station to Station	$2.00
Person to Person	$7.00
3rd Number Billed	$5.00
Collect Calls	$5.00
All other Operator Service	$5.00

14.8.7 Stand Alone Voice Mail Service

A. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply per main billing account as described in Section 3 of this Tariff. Service is offered on a month to month basis.

Per Individual Mail Address:

	Residence	Business
Nonrecurring Charge	$NOC	$NOC
Recurring Charges:		
- Month to Month	$NOC	$NOC

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.8 SUPPLEMENTAL SERVICES (Cont'd)

14.8.8 Blocking Service

	Nonrecurring Charge
900 and 700 Blocking	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
900, 971, 974, and 700 Blocking	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Third Number Billed and Collect Call Restriction	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Toll Restriction	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Toll Restriction Plus	
- Residential	$NOC
- Business (up to 200 lines)	$NOC
Direct Inward Dialing Blocking (Third Party and Collect Call)	
- Initial Activation	$NOC
- Subsequent Activation (per line)	$NOC

Pricing for Blocking Service for a business Customer with more than 200 lines will be based on the costs incurred by Company to provide the service.

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.8 SUPPLEMENTAL SERVICES (Cont'd)

14.8.9 Customized Number Service

	Nonrecurring Charge
Set-up Charges	
Residential Customer	$0.00
Business Customer	$0.00

14.8.10 Remote Call Forwarding Service

		Nonrecurring	
	Monthly	First	Add'l.
Terminating	$NOC	$NOC	$NOC
Terminating Paths	$NOC	$NOC	$NOC
Originating	$NOC	$NOC	$NOC
Originating Paths	$NOC	$NOC	$NOC

14.8.11 Calling Card Services

Per Call Surcharge: $2.00

	Per Minute Rate
Day	$.50
Evening	$.50
Night/ Weekend	$.50

14.8.12 Prepaid Debit Card Services

Per Call Surcharge: $2.00

	Per Minute Rate
Day	$.50
Evening	$.50
Night/ Weekend	$.50

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.9 RESIDENTIAL NETWORK SWITCHED SERVICES

14.9.1 Message Rate Residence Line Service

		Nonrecurring	
	Monthly	First	Add'.l
Monthly Recurring Charges:(Flat Rate)			
- Each Base Service Line	$NOC	$NOC	$NOC
- Voice Mail Option, per line	$NOC	$NOC	$NOC
- EUCL Residential/One Line Business	$NOC	$NOC	$NOC
Remote Call Forwarding(Flat Rate)			
Terminating	$NOC	$NOC	$NOC
Terminating Paths	$NOC	$NOC	$NOC
Originating	$NOC	$NOC	$NOC
Originating Paths	$NOC	$NOC	$NOC
Custom Calling Features:			
Three-Way Conference, Consultation, Transfer	$NOC	$NOC	$NOC
Call Forwarding Variable	$NOC	$NOC	$NOC
Call Forwarding Busy Line	$NOC	$NOC	$NOC
Call Forwarding Don't Answer	$NOC	$NOC	$NOC
Call Waiting Terminating	$NOC	$NOC	$NOC
Call Waiting Originating	$NOC	$NOC	$NOC
Speed Calling One Digit	$NOC	$NOC	$NOC
Speed Calling Two Digit	$NOC	$NOC	$NOC
Distinctive Ringing	$NOC	$NOC	$NOC
Tiered Features:			
Any 3 Standard Features	$NOC	$NOC	$NOC
Any 4 Standard Features	$NOC	$NOC	$NOC
Any 5 Standard Features	$NOC	$NOC	$NOC
Any 6 Standard Features	$NOC	$NOC	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.9 RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

14.9.1 Message Rate Residence Line Service (Cont'd)

		Nonrecurring	
	Monthly	First	Add'l.
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
ADVANCED FEATURES LINE CHARGE			
Voice Messaging	$NOC	$NOC	$NOC
6-Way Conference Per Line	$NOC	$NOC	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.9 RESIDENTIAL NETWORK SWITCHED SERVICES (Cont'd)

14.9.2 Integrated Services Digital Network-basic Rate Interface (ISDN-BRI)

		Nonrecurring	
	Monthly	First	Add'l.
Basic Rate Digital Line	$NOC	$NOC	$NOC
B Channels (up to 2)			
Switched Voice/Data Message Rate	$NOC	$NOC	$NOC
Switched Voice/Data Flat Rate	$NOC	$NOC	$NOC
High Speed Packet Switched	$NOC	$NOC	$NOC
D Channel (1 required)	$NOC	$NOC	$NOC
Each Additional Multipoint Terminal (Shared D)	$NOC	$NOC	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES

14.10.1 Basic Business Line Service

		Nonrecurring	
	Monthly	First	Add'l.
Monthly Recurring Charges:(Measured Rate)			
- Measured Rate Basic Business Line Service	$NOC	$NOC	$NOC
- EUCL Multiline Business	$NOC	$NOC	$NOC
Custom Calling Features:			
Three-Way Conference, Consultation, Transfer	$6.00	$41.00	$41.00
Call Forwarding Variable	$6.00	$41.00	$41.00
Call Forwarding Busy Line	$6.00	$41.00	$41.00
Call Forwarding Don't Answer	$6.00	$41.00	$41.00
Call Waiting Terminating	$6.00	$41.00	$41.00
Call Waiting Originating	$6.00	$41.00	$41.00
Speed Calling One Digit	$6.00	$41.00	$41.00
Speed Calling Two Digit	$8.00	$41.00	$41.00
Distinctive Ringing	$12.00	$41.00	$41.00
Tiered Features:			
Any 3 Standard Features	$15.00	$41.00	$41.00
Any 4 Standard Features	$20.00	$41.00	$41.00
Any 5 Standard Features	$NOC	$NOC	$NOC
Any 6 Standard Features	$NOC	$NOC	$NOC
Any 7 Standard Features	$NOC	$NOC	$NOC
Any 8 Standard Features	$NOC	$NOC	$NOC
Any 9 Standard Features	$NOC	$NOC	$NOC
Any 10 Standard Features	$NOC	$NOC	$NOC

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.1 Basic Business Line Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Remote Call Forwarding:(Measured Rate)			
- Terminating	$NOC	$NOC	$NOC
- Terminating Paths	$NOC	$NOC	$NOC
- Originating	$NOC	$NOC	$NOC
- Originating Paths	$NOC	$NOC	$NOC
HUNT GROUP CHARGE			
Sequential Hunting	$NOC	$NOC	$NOC
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$33.00	$41.00	$41.00
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC
ADVANCED FEATURES LINE CHARGE			
Voice Messaging	$64.00	$40.00	$40.00
Basic Voice Mail Pkg	$15.00	$40.00	$40.00
Enhanced Voice Mail Pkg	$25.00	$40.00	$40.00
Submailbox Option	$20.00	$ 0.00	$ 0.00
Pager Notification Option	$4.00	$ 0.00	$ 0.00
Fax Mail Option	$4.00	$ 0.00	$ 0.00
Auto Attendant (Per Menu)	$80.00	$500.00	$500.00
6-Way Conference Per Line	$NOC	$NOC	$NOC

14.10.2 Public Access Line Service

Service Descriptions and Rates

	Recurring Charges - Term					Nonrecurring	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
Public Access Line	$ 27.00	$ NOC	$ NOC	$ NOC	$NOC	$100.00	$100.00

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14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.3 PBX Trunk Service

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Numbers			
Each Group of 20 numbers	$6.00	$88.00	$88.00
Each Group of 100 numbers	$30.00	$88.00	$88.00
PBX Trunks (Measured Rate)			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC
ANALOG PBX TRUNKS (Measured Rate)			
DID Service	$70.00	$240.00	$ 0.00
DOD Service	$22.00	$125.00	$ 0.00
Two-Way Service	$ NOC	$ NOC	$NOC
DID/DOD Combination Service	$70.00	$240.00	$ 0.00
Each DID Trunk Group	$ 0.00	$200.00	$ 0.00
Each DOD Trunk Group	$ NOC	$ NOC	$NOC
Two-Way Trunk Group	$ NOC	$ NOC	$NOC
DID/DOD Combination Trunk	$ NOC	$ NOC	$NOC
Voice Mail Option, per line	$ NOC	$ NOC	$NOC

14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.3 PBX Trunk Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
FLAT RATE PBX TRUNKS			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC
FLAT RATE ANALOG PBX TRUNKS			
DID Service	$NOC	$NOC	$NOC
DOD Service	$NOC	$NOC	$NOC
Two-Way Service	$NOC	$NOC	$NOC
DID/DOD Combination Service	$NOC	$NOC	$NOC
Each DID Trunk Group	$NOC	$NOC	$NOC
Each DOD Trunk Group	$NOC	$NOC	$NOC
Two-Way Trunk Group	$NOC	$NOC	$NOC
DID/DOD Combination Trunk	$NOC	$NOC	$NOC
Voice Mail Option, per line	$NOC	$NOC	$NOC

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14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.3 PBX Trunk Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Charges on All Trunks			
EUCL - Multiline Business	$NOC	$NOC	$NOC
EUCL - Residential/One Line Business	$NOC	$NOC	$NOC
Remote Call Forwarding			
terminating	$NOC	$NOC	$NOC
terminating paths	$NOC	$NOC	$NOC
originating	$NOC	$NOC	$NOC
originating paths	$NOC	$NOC	$NOC
Sequential Hunting	$33.00	$41.00	$41.00
Circular Hunting	$NOC	$NOC	$NOC
Uniform Hunting	$NOC	$NOC	$NOC

DS1 PBX Trunk Service

Where appropriate facilities do not exist, Special Construction charges will also apply.

	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	Nonrecurring First	Nonrecurring Add'l.
Measured Rate							
Facility	$0.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DID)	$900.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DOD)	$350.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Flat Rate							
Facility	$0.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DID)	$1300.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00
Per Active Channel (DOD)	$700.00	$NOC	$NOC	$NOC	$NOC	$0.00	$0.00

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.5 Integrated Services Digital Network-primary Rate Interface (ISDN-PRI)

Where appropriate facilities do not exist, Special Construction charges will also apply.

	Recurring Charges - Term					Nonrecurring Charges	
ISDN-PRI:	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
PRI System Termination	$240.00	$NOC	$NOC	$NOC	$NOC	$1200.00	$1200.00
Primary Rate Interface, first	$600.00	$NOC	$NOC	$NOC	$NOC	$560.00	$1200.00
Call by Call Service per PRI	$120.00	$NOC	$NOC	$NOC	$NOC	$160.00	$160.00
PRI B Channel Message Rate	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
PRI B Channel Flat Rate	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
PRI D Channel Message Rate	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
PRI D Channel Flat Rate	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
Basic Rate Digital Line	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
B Channels (Up to 2):	$ NOC	$NOC	$NOC	$NOC	$NOC	$ NOC	$ NOC
Switched Voice/Data Message Rate	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
Switched Voice/Data Flat Rate	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
High Speed Packet Switched Service	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
D Channel (1 Required):	$ 0.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Each Additional Multipoint Terminal (Shared D)	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
EUCL Per BRI Digital Line	$13.00	$13.00	$13.00	$13.00	$13.00	$ 0.00	$ 0.00

14 - RATES & CHARGES (MAXIMUM) (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.6 Centrex-type Service

	Recurring Charges - Term					Nonrecurring Charges	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
CENTREX-type Common Equipment	$42.00	$NOC	$NOC	$NOC	$NOC	$480.00	$480.00
Message Rate Line Charge	$25.00	$NOC	$25.00	$25.00	$25.00	$ 72.00	$ 72.00
Flat Rate Line Charge	$33.00	$NOC	$31.00	$31.00	$31.00	$ 72.00	$ 72.00

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.6 Centrex-type Service (Cont'd)

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Standard Features - Per Line:			
Three-Way Conference, Consultation, Transfer	$8.00	$0.00	$0.00
Call Forwarding Variable	$8.00	$0.00	$0.00
Call Forwarding Busy Line	$5.00	$0.00	$0.00
Call Forwarding Don't Answer	$5.00	$0.00	$0.00
Call Waiting Terminating	$8.00	$0.00	$0.00
Call Waiting Originating	$8.00	$0.00	$0.00
Speed Calling One Digit	$8.00	$0.00	$0.00
Speed Calling Two Digit	$11.00	$0.00	$0.00
Distinctive Ringing	$13.00	$0.00	$0.00
HUNT GROUP CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC
Queuing with Announcement (per Queue Slot)	$NOC	$NOC	$NOC
HUNTING LINE CHARGE			
Sequential Hunting	$0.00	$0.00	$0.00
Circular Hunting	$0.00	$0.00	$0.00
Uniform Hunting	$NOC	$NOC	$NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.6 Centrex-type Service (Cont'd)

ADVANCE FEATURES LINE CHARGE

	Recurring Charges – Term					Nonrecurring Charges	
	Monthly	2 Yrs	3 Yrs	5 Yrs	7 Yrs	First	Add'l.
Voice Messaging							
Basic Voice Mail Pkg	$15.00	$NOC	$NOC	$NOC	$NOC	$40.00	$40.00
Enhanced Voice Mail Pkg	$25.00	$NOC	$NOC	$NOC	$NOC	$40.00	$40.00
Submailbox Option	$6.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Pager Notification Option	$4.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Fax Mail Option	$4.00	$NOC	$NOC	$NOC	$NOC	$ 0.00	$ 0.00
Auto Attendant (Per Menu)	$80.00	$NOC	$NOC	$NOC	$NOC	$500.00	$500.00
6 way Conference Per Line	$46.00	$NOC	$NOC	$NOC	$NOC	$50.00	$50.00

		Nonrecurring	
	Monthly	First	Add'l.
LASS Features Line Charge:			
Call ID	$13.00	$16.00	$16.00
Block Call ID	$0.00	$16.00	$32.00
Auto Callback	$8.00	$ 0.00	$ 0.00
Auto Recall	$5.00	$ 0.00	$ 0.00
Call Trace	$0.00	$ 0.00	$ 0.00
Selective Call Acceptance	$6.00	$ 0.00	$ 0.00
Selective Call Forwarding	$6.00	$ 0.00	$ 0.00
Selective Call Rejection	$8.00	$ 0.00	$ 0.00

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.6 Centrex-type Service (Cont'd)

LASS Features Usage Charge:			
Call ID	$0.00	$0.00	$0.00
Block Call ID	$0.00	$0.00	$0.00
Auto Callback	$2.00	$0.00	$0.00
Auto Recall	$1.00	$0.00	$0.00
Call Trace	$2.00	$0.00	$0.00
Selective Call Acceptance	$2.00	$0.00	$0.00
Selective Call Forwarding	$2.00	$0.00	$0.00
Selective Call Rejection	$2.00	$0.00	$0.00

Integrated Services Digital Network-Basic Rate Interface (ISDN-BRI)

ISDN-BRI Line	$42.00	$80.00	$80.00
BRI B Channel Message Rate	$15.00	$22.00	$22.00
BRI B Channel Flat Rate	$21.00	$22.00	$22.00
BRI D Channel	$ 0.00	$ 0.00	$ 0.00
BRI Multipoint Terminal	$ NOC	$ NOC	$ NOC

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.10 BUSINESS NETWORK SWITCHED SERVICES (Cont'd)

14.10.7 Alternate Telephone Number Listings

	Monthly	Nonrecurring First	Nonrecurring Add'l.
Non-Published Listing			
Business	$5.00	$0.00	$0.00
Residence	$5.00	$0.00	$0.00
Semi-Private Listing			
Business	$3.00	$0.00	$0.00
Residence	$3.00	$0.00	$0.00
Additional Listing			
Business	$5.00	$0.00	$0.00
Residence	$5.00	$0.00	$0.00

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14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14. 11 INTRALATA TOLL USAGE AND MILEAGE CHARGES

14.11.1 Usage Charges:

a. Business Two-Point Message Toll Service

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
Mileage	Initial Minute	Additional Minute	Initial Minute	Additional Minute	Initial Minute	Additional Minute
0 - 10	$0.2400	$0.1500	$0.1600	$0.1100	$0.1200	$0.1200
11 - 16	$0.4000	$0.3200	$0.3000	$0.2200	$0.1800	$0.1600
17 - 22	$0.4000	$0.4000	$0.2800	$0.3000	$0.2000	$0.2000
23 - 30	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000
31 - 40	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000
41 - 55	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000
56 - 70	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000
71 - 124	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000
125 - 196	$0.4000	$0.4000	$0.2800	$0.2800	$0.2000	$0.2000

DAY 8AM-5PM MONDAY -FRIDAY*

EVENING 5PM-11PM MONDAY-FRIDAY*
5PM-11PM SUNDAY*
All day Christmas, New Years, Thanksgiving, Independence and Labor Days

NIGHT & WEEKEND 8AM SATURDAY - 5PM SUNDAY*
11PM-8AM EVERY DAY*

* The time shown indicates the termination of one rate application period and the beginning of the next. Calls connected at exactly the time shown are considered in the next time period.

14 - RATES & CHARGES **(MAXIMUM)** (Cont'd)

14.11 INTRALATA TOLL USAGE AND MILEAGE CHARGES (Cont'd)

14.11.1 Usage Charges: (Cont'd)

b. Residence Two-Point Message Toll Service

CALL AREA	DAY		EVENING		NIGHT/WEEKEND	
Mileage	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute
0 - 10	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
11 - 16	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
17 - 22	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
23 - 30	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
31 - 40	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
41 - 55	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
56 - 70	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
71 - 124	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC
125 - 196	$NOC	$NOC	$NOC	$NOC	$NOC	$NOC

14.12 MUTUAL COMPENSATION

Tandem	Direct
$ 0.008600	$ 0.004000

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EXHIBIT E

Petition of CenturyTel Solutions, LLC for Competitive Classification

BEFORE THE
ARIZONA CORPORATION COMMISSION

In the Matter of APPLICATION AND PETITION OF **CenturyTel Solutions, LLC** For a Certificate of Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Exchange Access Telecommunications Services in Arizona	)	Docket No. __________

<u>Petition of CenturyTel Solutions, LLC for Competitive Classification</u>

Petitioner, CenturyTel Solutions, LLC (hereinafter "CTS" or "Petitioner"), a Louisiana limited liability company, hereby files this Petition for classification of its proposed services as competitive as part of its application for a Certificate of Convenience and Necessity ("CCN").

I. INTRODUCTION

The Commission's rules require that an applicant seeking to provide competitive telecommunications services shall, as part of its Application, petition the Commission for a determination that its proposed services will be competitive. Pursuant to A.A.C. R14-2-1108, Petitioner provides the following information.

II. MARKET CONDITIONS RENDERING CTS' SERVICES COMPETITIVE

A. Description of general economic conditions

The market for local exchange and intraLATA toll service in exchanges in which U S West provides service has been completely dominated by U S West. The interexchange market enjoys more extensive competition. Competition for all telecommunications services should be expected to increase as new providers enter the market.

B. Number and Market Share of Alternative Providers of the Service

Several competing carriers have entered or will soon enter the Arizona local exchange and intraLATA toll telecommunications market to compete with U S West, but none are expected to obtain a sizeable market share in the near term. The Federal Communications Commission estimates that incumbent carriers retain control of more than 97% of nationwide switched access lines.[1] The interexchange market is divided among numerous carriers.

C. Affiliated Alternative Providers of the Service

Applicant is affiliated with other providers of telecommunications in the State of Arizona. These affiliates are as follows: CenturyTel Telecommunications, Inc., CenturyTel of the Southwest, Inc. d/b/a CenturyTel, and CenturyTel Long Distance, Inc.

D. Ability of Alternative Providers to Make Functionally Equivalent or Substitute Services Readily Available at Competitive Rates, Terms, and Conditions

U S West and alternate providers have the ability to make and will make functionally equivalent or substitute service readily available at competitive rates, terms, and conditions.

E. Other Indicators of Market Power

U S West dominates the Arizona local exchange and intraLATA toll markets. It enjoys ubiquitous name recognition and an established business relationship with every customer in the market. However, the success of interexchange competition demonstrates that competitors of U S West in the local exchange and intraLATA toll market may be designated as competitive.

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1 *Report on Local Competition, Federal Communications Commission, Common Carrier Bureau, Industry Analysis Division*, December 1998, p.1.

III. CONCLUSION

For the reasons set forth herein, CTS respectfully petitions the Commission to classify CTS' proposed services as competitive services.

Respectfully submitted,

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Dated: July 13, 2000